

MONTANA LEGISLATIVE HISTORY

Chapter 729 1985

Bill H 826 S _____ Original bill & history ✓ c

H. Committee on Taxation

Hearing Date(s) Mar 29 ✓ c

_____ c

_____ c

_____ c

Date Out Mar 29 ✓ c

S. Committee on Taxation

Hearing Date(s) Apr 18 ✓ c

Apr 23 ✓ c

_____ c

_____ c

Apr 23 ✓ c

Did this bill originate in an interim committee? ____ Yes ____ No

Committee _____

Report _____

HOUSE FINAL STATUS

3/12 HEARING
 3/29 COMMITTEE REPORT-BILL PASS AS AMENDED
 3/30 2ND READING DO NOT PASS 71 28
 3/30 BILL KILLED

823 INTRODUCED BY KADAS, LYBECK, VINCENT, ET AL.
 CREATING A MONTANA CONSERVATION CORPS; ARCADE
 AMUSEMENT DEVICE LICENSE & FEE

2/14 INTRODUCED
 2/14 REFERRED TO STATE ADMINISTRATION
 3/06 HEARING
 3/08 COMMITTEE REPORT-BILL PASS AS AMENDED
 3/08 STATEMENT OF INTENT ATTACHED
 3/08 FISCAL NOTE REQUESTED
 3/13 FISCAL NOTE RECEIVED
 3/19 2ND READING DO NOT PASS 56 39
 3/19 BILL KILLED

824 INTRODUCED BY EUDAILY
 DENY UNEMPLOYMENT COMP. TO CERTAIN EMPLOYEES OF
 CONTRACTOR WITH A SCHOOL

2/14 INTRODUCED
 2/14 REFERRED TO EDUCATION & CULTURAL RESOURCES
 2/14 FISCAL NOTE REQUESTED
 2/19 FISCAL NOTE RECEIVED
 2/20 HEARING
 2/21 ADVERSE COMMITTEE REPORT
 2/22 BILL KILLED 89 7

825 INTRODUCED BY PAVLOVICH, JACK MOORE, ET AL.
 LEGAL STATEWIDE RAFFLES BY CERTAIN NONPROFIT
 ORGANIZATIONS

2/14 INTRODUCED
 2/14 REFERRED TO BUSINESS & LABOR
 2/14 FISCAL NOTE REQUESTED
 2/19 FISCAL NOTE RECEIVED
 2/20 HEARING
 2/21 COMMITTEE REPORT-BILL PASS AS AMENDED
 2/25 2ND READING DO NOT PASS 60 37
 2/25 BILL KILLED

826 INTRODUCED BY ELLERD, BOYLAN, ET AL.
 AUTHORIZES RESORT TAX

2/14 INTRODUCED
 2/14 REFERRED TO TAXATION
 2/15 FISCAL NOTE REQUESTED
 2/20 FISCAL NOTE RECEIVED
 3/29 HEARING
 3/30 COMMITTEE REPORT-BILL PASS AS AMENDED
 4/01 2ND READING DO NOT PASS 57 39
 4/03 RECONSIDERATION 64 33
 4/04 2ND READING PASS AS AMENDED 66 26
 4/08 3RD READING PASS 61 35

TRANSMITTED TO SENATE
 4/13 ON MOTION RULES SUSPENDED

HOUSE FINAL STATUS

TO ACCEPT FOR CONSIDERATION

4/15	REFERRED TO TAXATION	
4/17	ON MOTION RULES SUSPENDED PLACED ON 3RD READING 88TH DAY	
4/18	HEARING	
4/23	COMM REPORT-BILL CONCURRED AS AMENDED	34 13
4/23	2ND READING CONCURRED AS AMENDED	39 9
4/23	3RD READING CONCURRED	
RETURNED TO HOUSE WITH AMENDMENTS		
4/24	2ND READING AMENDMENTS CONCURRED	76 22
4/24	3RD READING AMENDMENTS CONCURRED	64 29
5/01	SIGNED BY SPEAKER	
5/01	SIGNED BY PRESIDENT	
5/02	TRANSMITTED TO GOVERNOR	
5/13	SIGNED BY GOVERNOR	
	CHAPTER NUMBER 729 EFFECTIVE DATE: 5/13/85	

HB 827 INTRODUCED BY LORY, BRANDEWIE, ET AL.
GENERALLY REVISING SUBDIVISION AND PLATTING ACT

2/15	INTRODUCED	
2/15	REFERRED TO NATURAL RESOURCES	
2/23	HEARING	
2/25	COMMITTEE REPORT-NO RECOMMENDATION	
2/25	STATEMENT OF INTENT ATTACHED	53 46
2/27	2ND READING DO NOT PASS	
2/27	BILL KILLED	

HB 828 INTRODUCED BY REAM, MOHAR, ET AL.
ADDING THE WHITE STURGEON TO THE STATE ENDANGERED
SPECIES LIST

2/15	INTRODUCED	
2/15	REFERRED TO FISH & GAME	
2/21	HEARING	
2/22	COMMITTEE REPORT-BILL DO PASS	52 42
2/25	2ND READING PASS	40 59
2/26	3RD READING DO NOT PASS	
2/26	BILL KILLED	

HB 829 INTRODUCED BY KADAS
SPECIFIES COUNTY/MUNICIPALITY POWER TO CONDUCT
VEHICLE EMISSION CHECKS

2/15	INTRODUCED
2/15	FISCAL NOTE REQUESTED
2/15	REFERRED TO LOCAL GOVERNMENT
2/20	FISCAL NOTE RECEIVED
	DIED IN COMMITTEE

HB 830 INTRODUCED BY JANET MOORE, PISTORIA, ET AL.
DEPARTMENT OF REVENUE EMPLOYEES NOT TO ENGAGE IN
CERTAIN ACTIVITIES
BY REQUEST OF HOUSE STATE ADMINISTRATION

2/15	INTRODUCED
2/15	REFERRED TO STATE ADMINISTRATION
2/21	HEARING

FISCAL NOTE

Form BD-15

In compliance with a written request received February 15 19 85, there is hereby submitted a Fiscal Note for H.B. 826 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Provides for imposition of a resort tax within a designated resort community.

ASSUMPTIONS:

1. The Department of Commerce will be responsible for designation of resort communities.
2. Determination of resort communities will be done through a contract for services.
3. Determination will be done once per biennium.
4. No public hearings or appeals are assumed.

FISCAL IMPACT ON STATE GENERAL FUND:

Expenditures:

FY 1986

\$ 5,000

FY 1987

\$ -0-

LOCAL IMPACT:

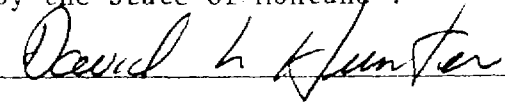
Local governments designated resort communities which elect to impose the tax will receive all proceeds and would be responsible for all costs.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

A funded state program for historical community population estimates is needed for this legislation if the federal revenue sharing program is abolished or severely restricted. The U.S. Bureau of the Census currently produces historical population estimates (with a three year lag) for the revenue sharing program. Annual cost of a state program would be about \$50,000.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The State of Montana basically does not have a community population estimates program. The U.S. Bureau of the Census currently does have a program to construct incorporated community estimates every two years between census years (e.g. 1980-1990) for revenue sharing purposes. It is suggested that "federal estimates" be substituted in Section 1-36 for the phrase "official population estimate prepared by the state of Montana".



BUDGET DIRECTOR

Office of Budget and Program Planning

Date:

Feb 20, 1985
HB 826

HOUSE BILL NO. 826

INTRODUCED BY ELLERD, BOYLAN, ANDERSON, KEYSER

IN THE HOUSE

February 14, 1985	Introduced and referred to Committee on Taxation.
February 15, 1985	Fiscal Note requested.
February 20, 1985	Fiscal Note returned.
March 30, 1985	Committee recommend bill do pass as amended. Report adopted.
	Bill printed and placed on members' desks.
April 1, 1985	Second reading, do not pass.
April 3, 1985	On motion, rules suspended to allow motion to reconsider previous action.
	On motion, previous action reconsidered.
April 4, 1985	Second reading, do pass as amended.
April 5, 1985	Correctly engrossed.
April 8, 1985	Third reading, passed.
	Transmitted to Senate.

IN THE SENATE

April 13, 1985	On motion, rules suspended to accept HB 826. Motion adopted.
----------------	--

April 15, 1985

Introduced and referred to
Committee on Taxation.

April 17, 1985

On motion, rules temporarily
suspended for the purpose of
allowing all bills passed on
second reading on the 88th
Legislative Day to be advanced
to third reading that same
day.

April 23, 1985

Committee recommend bill be
concurrent in as amended.
Report adopted.

Second reading, concurred in
as amended.

Third reading, concurred in.
Ayes, 39; Noes, 9.

Returned to House with
amendments.

IN THE HOUSE

April 23, 1985

Received from Senate.

April 24, 1985

Second reading, amendments
concurrent in.

Third reading, amendments
concurrent in.

Sent to enrolling.

Reported correctly enrolled.

1 *HOUSE BILL NO. 826*
2 INTRODUCED BY *Edward Boylan, Anderson, Geyer*
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A DEFINED
5 RESORT COMMUNITY TO ESTABLISH A RESORT TAX AFTER A VOTE OF
6 ITS ELECTORS; ESTABLISHING CATEGORIES OF GOODS AND SERVICES
7 EXEMPT FROM THE TAX; PROVIDING RESORT COMMUNITY PROPERTY TAX
8 RELIEF; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9
10 WHEREAS, many municipalities in the State of Montana
11 rely upon tourism for the bulk of their livelihood; and

12 WHEREAS, the tourist industry tends to be seasonally
13 cyclical; and

14 WHEREAS, such cycles are reflected in demands for
15 services and capital expenditures that do not occur for a
16 community with a steady economy; and

17 WHEREAS, tourist income, tending to be spent for
18 services and consumables originating in communities other
19 than the resort community, is not translated into taxable
20 real property; and

21 WHEREAS, the resort community must provide services not
22 only for tourists but for its own residents, and those
23 services are not commensurate with the taxable value of the
24 resort community as compared with steady income
25 municipalities of similar populations.

1 THEREFORE, it is the intent of this act to rectify this
2 inequity by providing for a resort tax that may be locally
3 enacted which would tax tourists to reimburse the resort
4 community for the services provided to tourists.

5
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

7 Section 1. Definitions. As used in [this act], the
8 following definitions apply:

9 (1) "Medical supplies" means items that are sold to be
10 used for curative, prosthetic, or medical maintenance
11 purposes, whether or not prescribed by a physician.

12 (2) "Medicine" means substances sold for curative or
13 remedial properties, including both physician prescribed and
14 over-the-counter medications.

15 (3) "Resort community" means a community that:

16 (a) is an incorporated municipality;

17 (b) has a population of less than 10,000 according to
18 the most recent federal census or official population
19 estimate prepared by the state of Montana; and

20 (c) derives the major portion of its economic
21 well-being from businesses catering to the recreational and
22 personal needs of persons traveling to or through the
23 municipality for purposes not related to their income
24 production.

25 Section 2. Taxing authority -- specific delegation. As

required by 7-1-112, [this act] specifically delegates to the electors of each respective resort community the power to authorize their municipality to impose a resort tax within the corporate boundary of the municipality as provided in [this act].

Section 3. Limit on tax rate -- exemption from tax.

(1) The rate of the resort tax must be established by the election petition or resolution provided for in [section 4], but the rate may not exceed 3%.

(2) The resort tax is a tax on the retail value of all goods and services sold within the resort community. The following categories of goods and services are exempt from such taxation:

- (a) foodstuffs;
- (b) medicine and medical supplies;
- (c) medical care; and
- (d) liquor purchased at state-owned liquor outlets.

Section 4. Election required -- procedure. (1) A resort community may not impose or, except as provided in [section 5], amend or repeal a resort tax unless the resort tax question has been submitted to the electorate of the resort community and approved by a majority of the electors voting on the question.

(2) The resort tax question may be presented to the electors of the resort community by:

(a) a petition of the electors as provided by 7-1-4130, 7-5-132, and 7-5-134 through 7-5-137; or

(b) a resolution of the governing body of the resort community.

(3) The petition or resolution referring the taxing question:

(a) must state the exact rate of the resort tax;

(b) must state the duration of the resort tax;

(c) must state the date when the tax becomes effective, which date may not be earlier than 35 days after the election; and

(d) may specify the purposes that may be funded by the resort tax revenue.

(4) Upon receipt of an adequate petition the governing body may:

(a) call a special election on the resort tax question; or

(b) have the resort tax question placed on the ballot at the next regularly scheduled election.

(5) The question of the imposition of a resort tax may not be placed before the electors more than once in any fiscal year.

Section 5. Tax administration. (1) Not less than 30 days prior to the date the resort tax becomes effective, the governing body of the resort community shall enact an

1 administrative ordinance governing the collection and
 2 reporting of the resort taxes. This administrative ordinance
 3 may be amended at any time thereafter as may be necessary to
 4 effectively administer the resort tax.

5 (2) The administrative ordinance shall specify:

6 (a) the times taxes collected by business are to be
 7 remitted to the resort community;

8 (b) the local government office, officer, or employee
 9 responsible for receiving and accounting for the resort tax
 10 receipts;

11 (c) the local government office, officer, or employee
 12 responsible for enforcing the collection of resort taxes and
 13 the methods and procedures to be used in enforcing the
 14 collection of resort taxes due; and

15 (d) the penalties for failure to report taxes due,
 16 failure to remit taxes due, and violations of the
 17 administrative ordinance. The penalties may include:

18 (i) criminal penalties not to exceed a fine of \$1,000
 19 or 6 months imprisonment or both the fine and imprisonment;

20 (ii) civil penalties if the resort community prevails
 21 in a suit for the collection of resort taxes, not to exceed
 22 50% of the resort taxes found due plus the costs and
 23 attorney fees incurred by the resort community in the
 24 action;

25 (iii) revocation of the offender's municipal business

1 license; and

2 (iv) any other penalties that may be applicable for
 3 violation of an ordinance.

4 (3) The administrative ordinance may include:

5 (a) further clarification and specificity in the
 6 categories of goods and services that are exempt from the
 7 resort tax consistent with [section 3];

8 (b) authorization for business administration and
 9 prepayment discounts. The discount authorization may allow
 10 each vendor and commercial establishment to:

11 (i) withhold up to 5% of the resort taxes collected to
 12 defray their costs for the administration of the tax
 13 collection; or

14 (ii) receive a refund of up to 5% of the resort tax
 15 payment received from them by the resort community 10 days
 16 prior to the collection due date established by the
 17 administrative ordinance; and

18 (c) other administrative details necessary for the
 19 efficient and effective administration of the tax.

20 Section 6. Use of tax revenues. Unless otherwise
 21 restricted by the voter-approved tax authorization provided
 22 for in [section 4], a resort community may appropriate and
 23 expend revenues derived from a resort tax for any activity,
 24 undertaking, or administrative service that the municipality
 25 is authorized by law to perform, including costs resulting

1 from the imposition of the tax.

2 Section 7. Property tax relief. (1) Annually
3 anticipated receipts from the resort tax must be applied to
4 reduce the municipal property tax levy for the fiscal year
5 in an amount equal to at least 5% of the resort tax revenues
6 derived during the preceding fiscal year.

7 (2) A resort community that received more resort tax
8 revenues than had been included in the annual municipal
9 budget shall establish a municipal property tax relief fund.
10 All resort tax revenues received in excess of the budget
11 amount must be placed in the fund. The entire fund must be
12 used to replace municipal property taxes in the ensuing
13 fiscal year.

14 Section 8. Effective date. This act is effective on
15 passage and approval.

-End-

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

March 29, 1985 - P.M.

The fifty-sixth meeting of the Taxation Committee was called to order in room 312-1 of the state capitol at 8:35 P.M. by Chairman Gerry Devlin.

ROLL CALL: All members were present as were Dave Bohyer, Researcher for the Legislative Council, and Alice Omang, secretary.

CONSIDERATION OF HOUSE BILL 826: Representative Ellerd, District 77, Bozeman, commented that for fourteen years, he represented West Yellowstone, but since reapportionment, he does not represent them now. He informed the committee that they have a serious problem in trying to make their ends meet and this bill would allow them to establish a resort tax after a vote of their electorate and this would help provide property tax relief. He advised that West Yellowstone cannot generate enough money from the tourists, who come there during the summer to meet their needs.

Cal Dunbar, Councilman for the Town of West Yellowstone, indicated that he has been a councilman for fourteen years and his testimony is contained in Exhibit 1.

Bob Jacklin, Councilman for the Town of West Yellowstone, stated that he operates a fishing tackle business and, in this community, \$2.5 million is generated in business in the summer and they only have 750 people, who have to pay for all the roads, services, etc. He advised that their streets are in disrepair and there is no way that they can fix them and this is one of the first things the tourists coming into Montana from this direction see.

Kent Wilhelm, Councilman for the Town of West Yellowstone, stated that last year their expenditures were \$313,000.00 and their total revenue was \$296,000.00 and they figure with a 3% tax, they could raise \$420,000.00. He continued that they need some property tax relief, they need major street repair, they need an extensive storm drainage system, they need a water system and have basic sewage system problems.

Taxation Committee
March 29, 1985 P.M.
Page Two

Walter Herman, an owner of a campground and an apartment house, informed the committee that everything in West Yellowstone is done on a volunteer basis - the fire department, the ambulance service and he thought they were the first community to have a volunteer police department. He urged the committee to pass this bill as they sure need help.

Gary Schorn, President of the Chamber of Commerce in West Yellowstone, stated that this legislation is very important to their community and to their business community in particular. He asked the committee to support this bill.

Alec Hanson, representing the Montana League of Cities and Towns, noted that 750 people paying property taxes cannot finance police and fire protection, water, sewer and sanitation services and other programs for 2½ million other people. He said that these people are asking for help and he urged the committee to please give it to them.

Senator Boylan stated that these people really need some help; they are an isolated community, but they do bear the tourist burden for the state of Montana. He told the committee that even buying the toilet paper for this many people has an impact on the community.

Senator John Anderson, District 37, testified that West Yellowstone has some of the finest people anywhere and some of the most dedicated and he urged the committee to give them an opportunity to help themselves.

Representative Keyser, District 74, noted that this is the southwest entrance to the state of Montana and he suggested that they can amend the bill to an elevation of no less than 7600 feet, an average snow fall of no less than 12 inches and a population of no more than 1500 if they want to make a definition of resort community.

There were no further proponents.

OPPONENTS: Phil Strobe, an attorney, said he was the attorney they were talking about in the lawsuit and the

Taxation Committee
March 29, 1985 P.M.
Page Three

Billings judge initially held that local communities could create taxes, but the supreme court said that local governments could not create taxes, according to the 1972 constitution, which says that the power to tax shall never be surrendered, suspended or contracted away. He advised that the 1974 legislature passed a law that said that local government may not impose a tax on the sale of goods, services or income.

Don Judge, representing the Montana AFL-CIO, declared that they oppose any kind of a sales tax and this is a sales tax and it would be a crack in the door and there soon would be a window of opportunity to have a statewide sales tax.

There were no further opponents.

QUESTIONS ON HOUSE BILL 826: Representative Asay asked since there seems to be some question if this is legal, if there is such a thing as a special assessment that can be handled as the initial cost of doing business.

Representative Ellerd replied that he appreciated the suggestion, but they want to do this the way it is suppose to be done. He advised that he did not think that this is unconstitutional and he has heard that before.

There were no further questions.

Representative Ellerd concluded, saying that this bill would help the community of West Yellowstone and it is not a lawyer-relief bill and these people are certainly willing to help themselves.

EXECUTIVE SESSION

DISPOSITION OF HOUSE BILL 826: Representative Asay moved that this bill DO PASS. Representative Harp moved to amend the bill on page 2, line 17, by striking "10,000" and inserting "1,500". The motion carried with Representative Raney, Representative Koehnke, Representative Sands and Representative Cohen voting no.

Taxation Committee
March 29, 1985 P.M.
Page Four

Representative Asay moved that the bill DO PASS, AS AMENDED. The motion carried with Representative Schye, Representative Keenan, Representative Harrington, Representative Ream, Representative Raney, Representative Gilbert and Representative Williams voting no. The vote was 13 to 7.

CONSIDERATION OF HOUSE BILL 948: Representative Fritz, Missoula, said that this was a semi-sophisticated property tax on banks and other financial institutions and that this bill will try to regain some revenue that was lost before the bank share tax was repealed. He advised that the state has lost \$7 million in revenue in any given year and this money went to local government.

PROPOSERS: Sam Ryan, representing the Montana Senior Citizens Association, contended that it was time that banks paid their fair share of taxes and help alleviate the shift to old people.

Earl Reiley, representing the Montana Senior Citizens' Association, urged passage of this bill, saying it would spread the tax burden around.

Paul Carpino, representing the Montana Low Income Coalition, declared that this bill is a means to more equitably share the taxes as it will allow the income of the financial institutions to be taxed.

Don Judge, representing the Montana AFL-CIO, stated that it was his understanding that the revenue generated from this bill would be \$4.4 million in fiscal year 1986 and almost \$5 million in fiscal year 1987 and 80% of that money would go to local governments and 20% to state governments and both could use the money right now.

There were no further proponents.

OPPOSERS: George Bennett, representing the Montana Bankers' Association, offered testimony in opposition to this bill. See Exhibit 2. He also offered Exhibit 3, which deals with the California state taxation of banking institutions.

DAILY ROLL CALL

HOUSE TAXATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date March 29, 1985 P.M.

NAME	PRESENT	ABSENT	EXCUSED
DEVLIN, GERRY, Chrm.	✓		
WILLIAMS, MEL, V. Chrm.	✓		
ABRAMS, HUGH	✓		
ASAY, TOM	✓		
COHEN, BEN	✓		
ELLISON, ORVAL	✓		
GILBERT, BOB	✓		
HANSON, MARIAN	✓		
HARRINGTON, DAN	✓		
HARP, JOHN	✓		
IVERSON, DENNIS	✓		
KEENAN, NANCY	✓		
KOEHNKE, FRANCIS	✓		
PATTERSON, JOHN	✓		
RANEY, BOB	✓		
REAM, BOB	✓		
SANDS, JACK	✓		
SCHYE, TED	✓		
SWITZER, DEAN	✓		
ZABROCKI, CARL	✓		

March 29, 19 35

MR.SPEAKER:.....

We, your committee onTAXATION.....

having had under considerationHOUSE..... Bill No. 826

first reading copy (white)
color

AN ACT ALLOWING A DEFINED RESORT COMMUNITY TO ESTABLISH A RESORT
TAX AFTER A VOTE OF ITS ELECTORS;

Respectfully report as follows: That.....HOUSE..... Bill No. 826

Be amended as follows:

1. Page 2, line 17.
Following: "than"
Strike: "10,000"
Insert: "1,500"

AND AS AMENDED

DO PASS

Exhibit 1
HB 826
3/29/85
Dunbar, Cal

TOWN OF WEST YELLOWSTONE

Box 579

WEST YELLOWSTONE, MONTANA 59758

Telephone 406 646-7795

December 12, 1984

Governor's Economic Development Summit
and Small Business Conference
Sheraton Hotel
Great Falls, Montana

"Tailor Made Local Option Taxation"

The 1985 Legislature needs to address directly our current need throughout the State for local option taxation, that is, local taxation by consent of the community through referendum.

This need for enabling legislation to permit local option taxation of any constitutional type at the discretion of the individual community is crucial. The forthcoming Legislature should address this need now. It is long overdue.

Admittedly, the anticipated bed tax bills from the Montana League of Cities and Towns for either statewide or local option taxation are long overdue and worthy of support.

However, West Yellowstone believes the true answer to the ever deepening fiscal problems of Montana's municipalities require broad local option taxation powers. Current tax formulas, do not suffice. Special interest taxation bills do not address the basic issues of taxation formulas.

We have addressed local option taxation issues with this Council last July, with the City Council of Billings in September, and our coverage in the media has shown us there is real grass-roots interest among our municipalities.



①

Briefly, here is West Yellowstone's experience with current taxation formulas which just do not do the job for us:

West Yellowstone originated in 1907, incorporated in 1966 and chartered in 1980.

Year round population: 760 in Town, 1100 in Hebgen Lake Basin.

Seasonal population June - September: 1,300 with nightly tourist transients: 5,000 additional.

West Entrance to Yellowstone National Park: 800,000/yr plus "cross-back traffic"

Estimated commerce for West Yellowstone is \$14 Million dollars/year.

However, all is not well.

"Tourism West Yellowstone and Its Effect on Ability of the Town to Deliver Municipal Services" Harry W. Conard, Jr. December 1979. Funded by \$15,000.00 grant, Old West Regional Commission. Study shows:

West Yellowstone costs are 5X to 6X higher than other five Montana Towns of comparable size: Belt (683), Bridger (768), Manhattan (934), Twin Bridges (685), Valier (676).

West Yellowstone spent 105% more than locally generated funds in 1978.

Therefore, West Yellowstone chartered, to follow study recommendations. Wrote HB 109 "Resort Tax" bill. Denied by House Tax Committee, March 1981 by 18/1 vote.

West Yellowstone Council passed Occupancy Fee Ordinance #90, (Bed Tax #1) January 1982, @ 25¢ per head per night. Collected \$64,000.00 June 1982-February 1983. Montana Innkeepers suit. Tax is illegal because had no referendum. Referendum May 31, 1983-passed 155/56.

Ordinance #98 (Bed Tax #2) Occupancy Fee reinstated @25¢ per head in motels and 50¢ per vehicle in campgrounds. Collected \$33,000.00 June 1983-September 1983. State Supreme Court voided Billings bed tax, our collections ended.

Right now, West Yellowstone government services costs continue at 5 to 6 times greater than Towns of our permanent population in Montana.

1983-1984 Budget: Total \$313,524.00 (\$100,163.00 @75 mills 34%) Police Dept @46% (\$145,695.00) Street Dept. @ 16% (\$51,622.00) Total funds allocated per person per night: January (760) \$1.15 July (6,300) 14¢.

Not only does West Yellowstone suffer under current taxation as well. Examine study of Bozeman, A Look

Bozeman. Bozeman is forced to property taxes nearly four times greater than Laramie. The difference in the two municipal tax structures is the revenue from severance and sales tax sources. West Yellowstone case follows Bozeman's pattern. How about your Town?

Therefore, present Montana taxation formulas are not helping us. Formulas based on population or length of streets do not allow for our cost impaction by tourists or other factors. The formulas for beer tax, liquor tax, gasoline tax and even the State Block Grant program do not face up to the situation for us. In fact, we have to sell 300 gallons of gasoline to get back one dollar, while the average for the five towns in Conard's study is only 117 gallons. (We receive twice as much under the tax increase enacted after Conard's study, but the discrepancy remains the same). Federal Revenue Sharing was \$19,600.00 (7%). PILT funds for Gallatin County were \$449,832.00 with 0% to West Yellowstone.

West Yellowstone's experience with grants has been equally unrewarding.

Our previous grants have been denied. In March 1975, our HUD grant for water mains was denied with a 94 out of 96 rating, using the 1970 census poverty and substandard housing levels as criteria. We were advised not to resubmit our application.

In 1984, we have been denied first a \$20,000.00 planning grant for domestic water, street, and storm drain improvement. We have been denied also a Community Development Block Grant for \$454,000.00 for our water, street, storm drain overhaul. We had intended to use our \$64,000.00 from our Bed Tax #1 for matching funds. So, grants are not the answer either. Grants cannot be budgeted either as they are unpredictable. We have present urgent need for major street repairs and extensive storm drainage systems and down the road we can see central water and sewer facility expansions - all well beyond our ability to fund by present formulas.

Due to the high seasonality of our tourist industry here, with only 100 days of true economic activity, proposed SIDs against real property units become astronomical when evaluated into payout amortizations. Real property revenue generation, again, is already overburdened. A look at the pie charts in the appendix shows that West Yellowstone is not unique among its Montana sibling communities in this respect. We all must look elsewhere for revenue.

Therefore, West Yellowstone believes that the 1985 Legislature should grant enabling legislation for local option taxation to municipalities to permit "Tailor-made" local option taxation. The type of taxation to be determined at the local level by referendum with property tax relief and voter review built into the enabling legislation. What can be more democratic and basically American? The people vote to suit their local needs.

West Yellowstone supports the Montana League options, particularly
"1985 A Resolution

Conard's study calculated \$140,000.00/year at 1% retail sales tax; so, 2% would generate \$280,000.00.

Obviously, local governments give up a lot on the proposed bed taxes against a local retail sales tax.

What do we want the 1985 Legislature to do?

1. We want comprehensive enabling legislation to permit local option taxation of a broad scope, with referendum and voter review.

2. We mean local option taxation could be on retail sales, on beds, on wheels, on income, on whatever the voters approve locally for their municipal needs. The burden the municipality is receiving by impact should have the corresponding relief by means of off setting local revenue generations. The Urban Coalition at their November meeting at Helena supported this position. There is grass roots support, regardless of the size of the municipality.

3. West Yellowstone would much prefer to see cooperation on a comprehensive local option taxation enabling act rather than to reactivate a defensive, parochial, restricted special interest "resort tax" again. Special interest legislation does not address the real issue here: Communities with problems should have the ability to deal with them effectively.

"Tailor-made Local Option Taxation is the answer for 1985."

Thank you.

CALCULATION TABLE

Conard's Retail Sales Tax: (pg. 12, Phase II of his study) :

West Yellowstone business volume: \$14 Million/year
 $\$14,000,000 \times 2\% = \$280,000.00/\text{year}$
 Each 1% = \$140,000.00/year in revenue
 5% = \$700,000.00/year

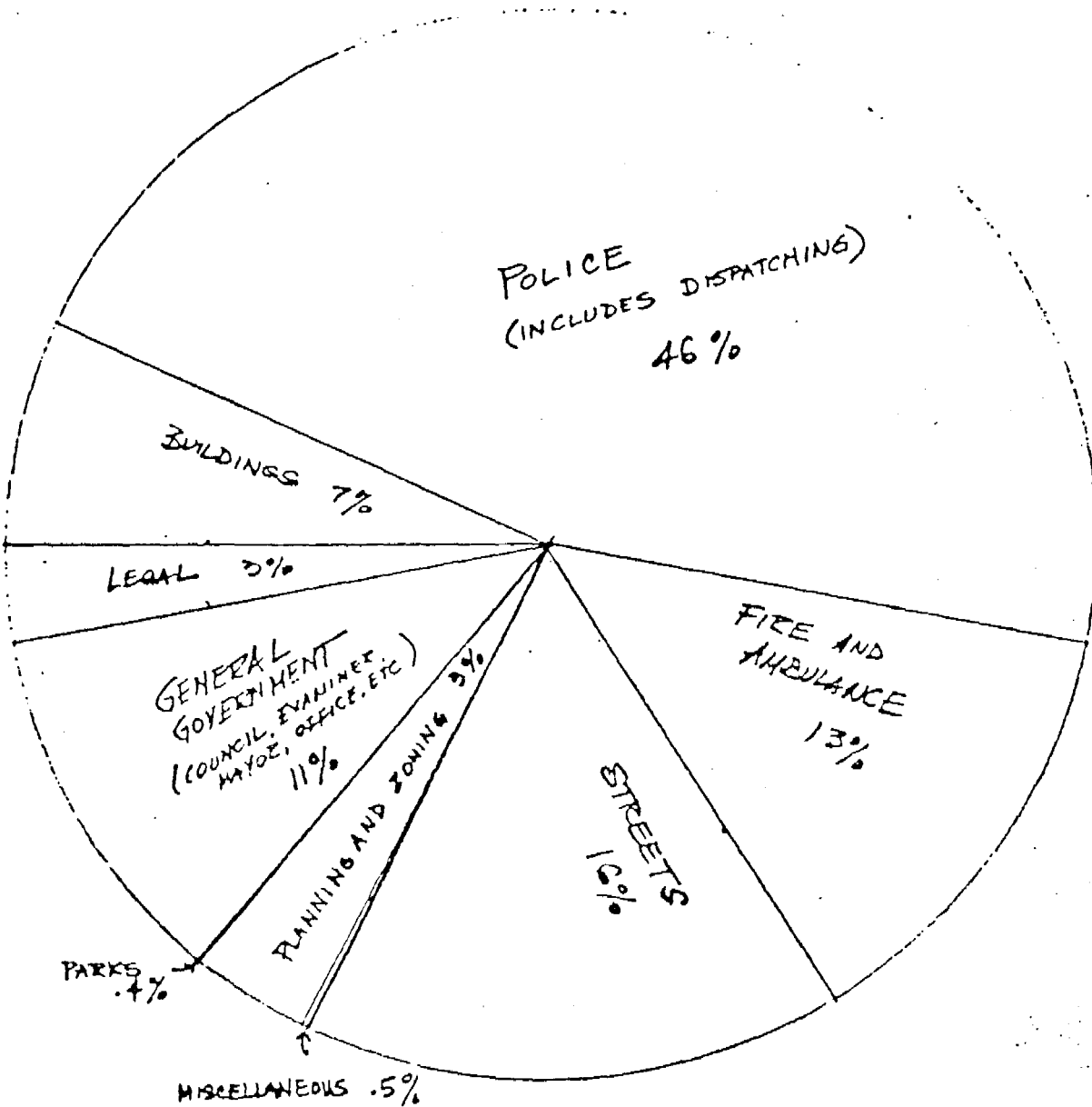
Montana League of Cities & Towns, Resolution #1985-4 : State-wide

2,000 (rooms)	x 62 (days)	x .95 (occupancy rate)	=	117,800 (units)
2,000	x 60	x .50	=	60,000
2,000	x 243	x .05	=	24,300
				<u>202,100 (units)</u>
200 (hookups)	x 62	x .95	=	11,780
200	x 60	x .50	=	6,000
200	x 243	x .05	=	2,430
				<u>20,210 (units)</u>
(\$30.00/room)				
202,100	x \$3.00 (10%)		=	606,300.
(\$10.00/hookup)				
20,210	x \$1.00 (10%)		=	<u>20,210</u>
				626,510
626,510	x .5 (5%)		=	313,255
313,255	x .50 (local Town rate)		=	156,628
West Yellowstone share				156,628

Montana League of Cities & Towns Resolution #1985-2: Local Option

(5%)	\$313,255	less \$62,651 (20%)	=	250,604/year
(10%)	\$626,510	less \$125,302 (20%)	=	502,208/year

WEST YELLOWSTONE EXPENDITURES 1983-1984 FISCAL YEAR



EXPENDITURES

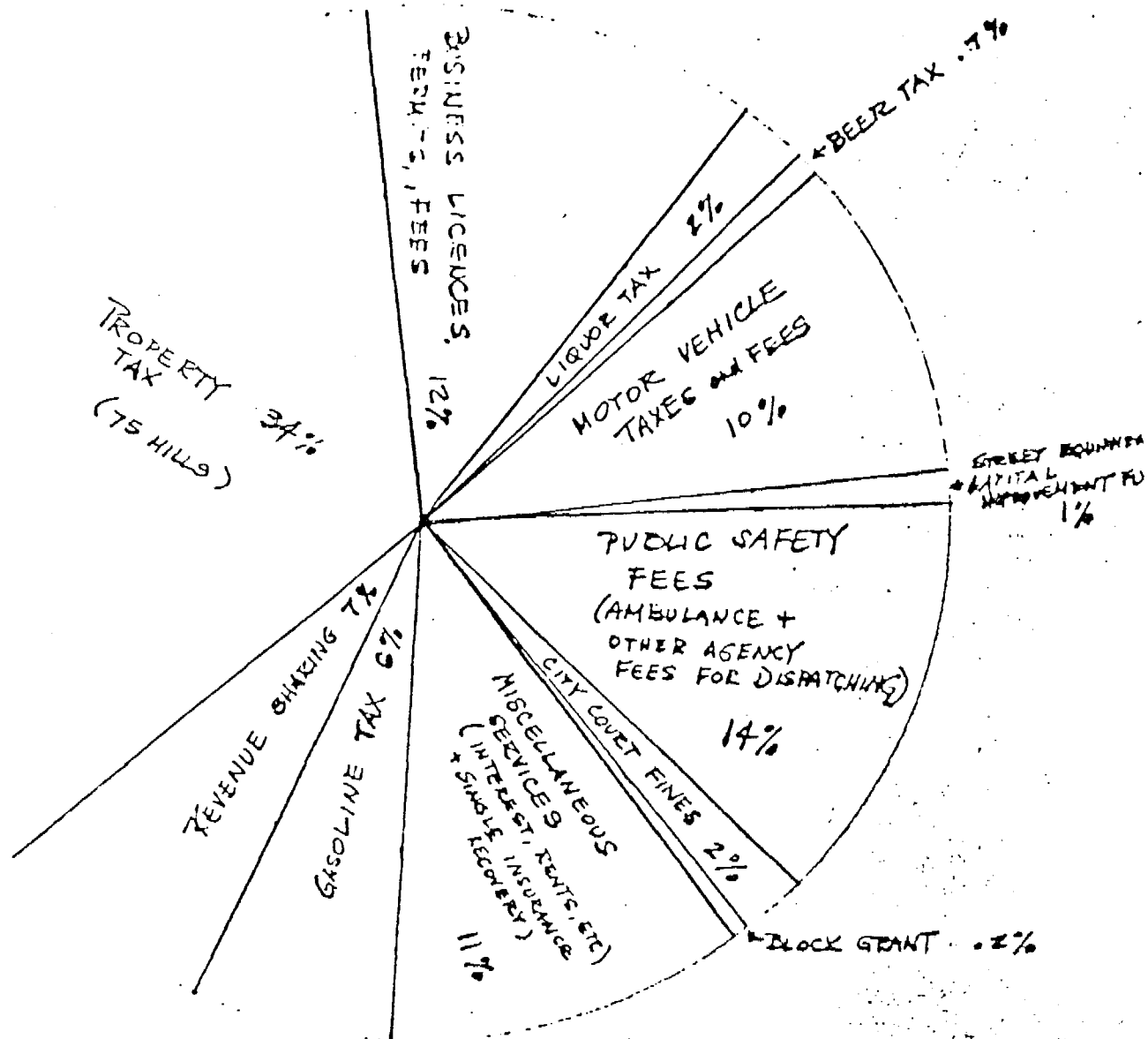
General Government
 Town Council
 Elections
 State Examiner
 Mayor
 Court
 Town Offices
 Water

\$ 34,625.54

Legal	3,597.15
Buildings	21,353.99
Police	145,695.25
Fire/Ambulance	39,338.62
Street	51,622.12
Parks	1,343.15
Planning & Zoning	8,770.43
Miscellaneous	1,667.74

WEST YELLOWSTONE REVENUE

1900 1901 1902 1903 1904 1905 1906 1907 1908 1909 1910 1911 1912 1913 1914 1915 1916 1917 1918 1919 1920 1921 1922 1923 1924 1925 1926 1927 1928 1929 1930 1931 1932 1933 1934 1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946 1947 1948 1949 1950 1951 1952 1953 1954 1955 1956 1957 1958 1959 1960 1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075 2076 2077 2078 2079 2080 2081 2082 2083 2084 2085 2086 2087 2088 2089 2090 2091 2092 2093 2094 2095 2096 2097 2098 2099 2100



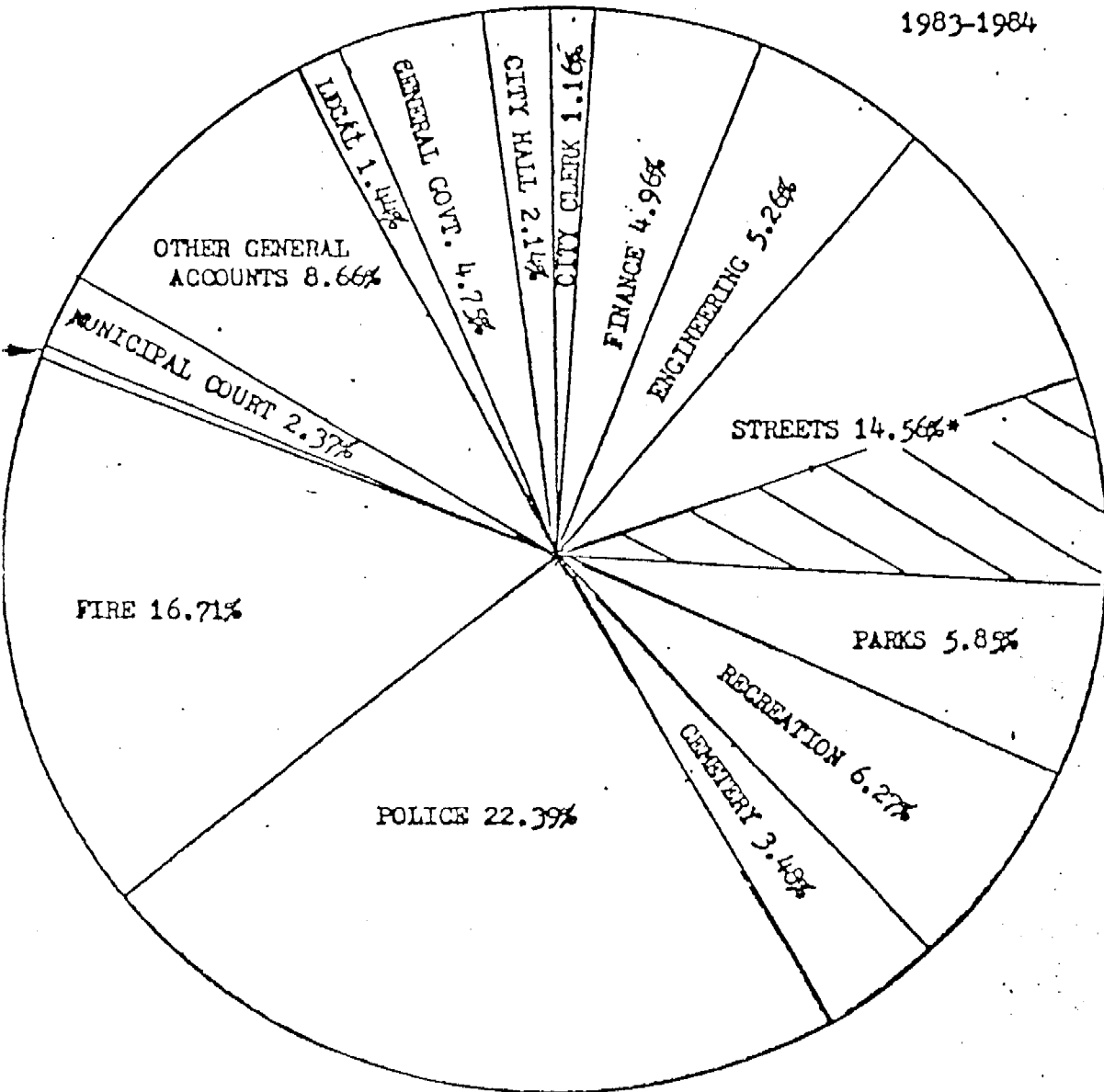
REVENUE

General Property Tax (75 mills) (Table 1, 54, 77)	\$100,162.71
Business Licenses, Permits, Fees	35,942.51
Liquor Tax	7,165.38
Beer Tax	2,023.54
Motor Vehicle Taxes & Fees	29,360.28
Public Safety Fees	42,436.80
Dispatch Fees	
Ambulance Fees	
Court Fines & Forfeits	4,325.00
Block Grant	658.79
Miscellaneous Services	31,335.58
Interest	
Rents	
Insurance Recoveries	
Gas Tax	18,223.00
Revenue Sharing	19,647.08
Capital Improvement (Street Equipment)	4,243.16

\$296,524.33

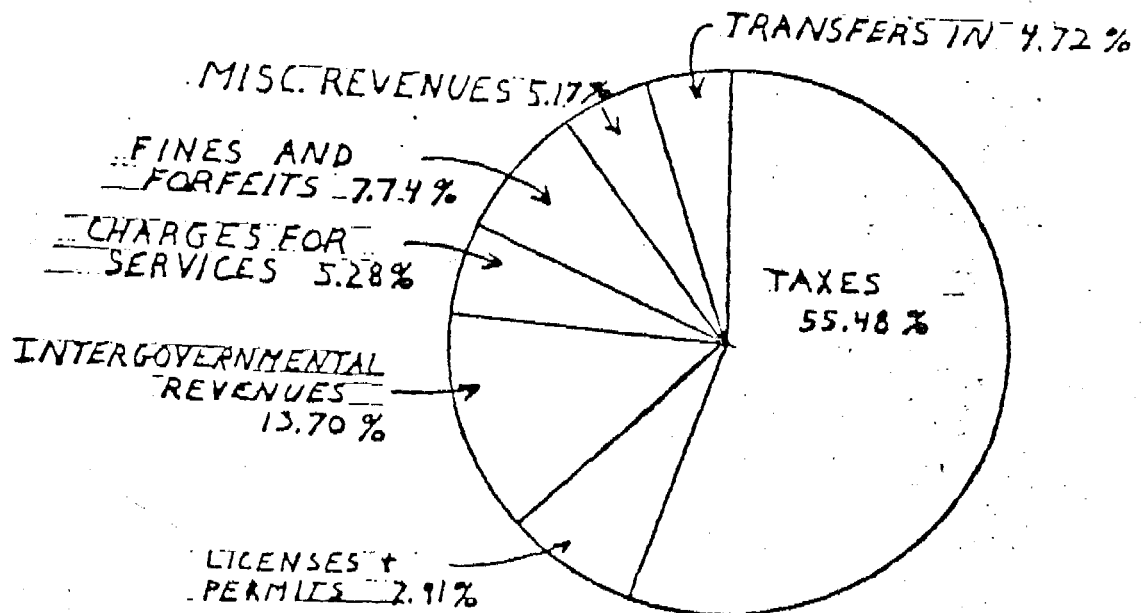
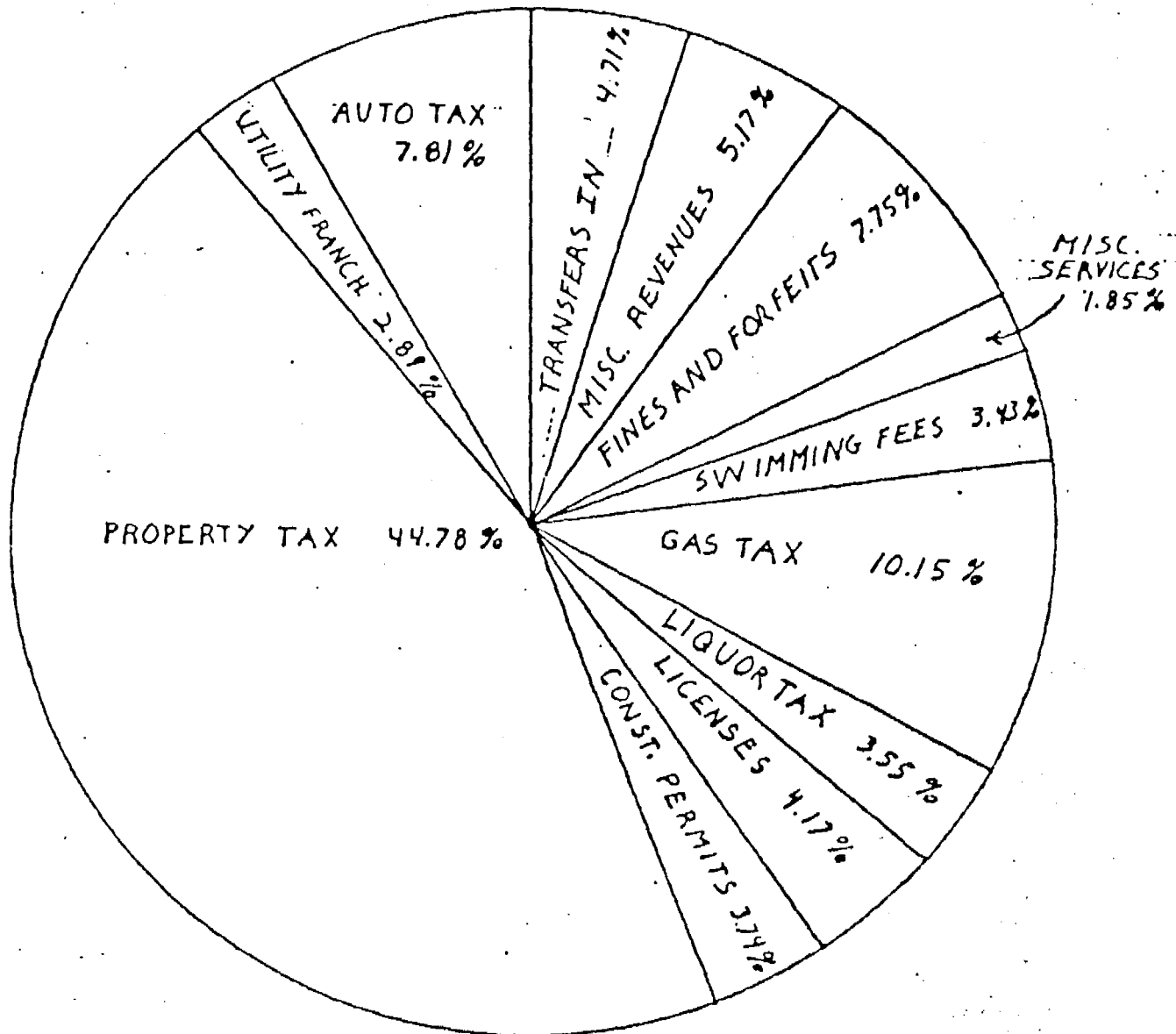
GENERAL FUND EXPENDITURES

16

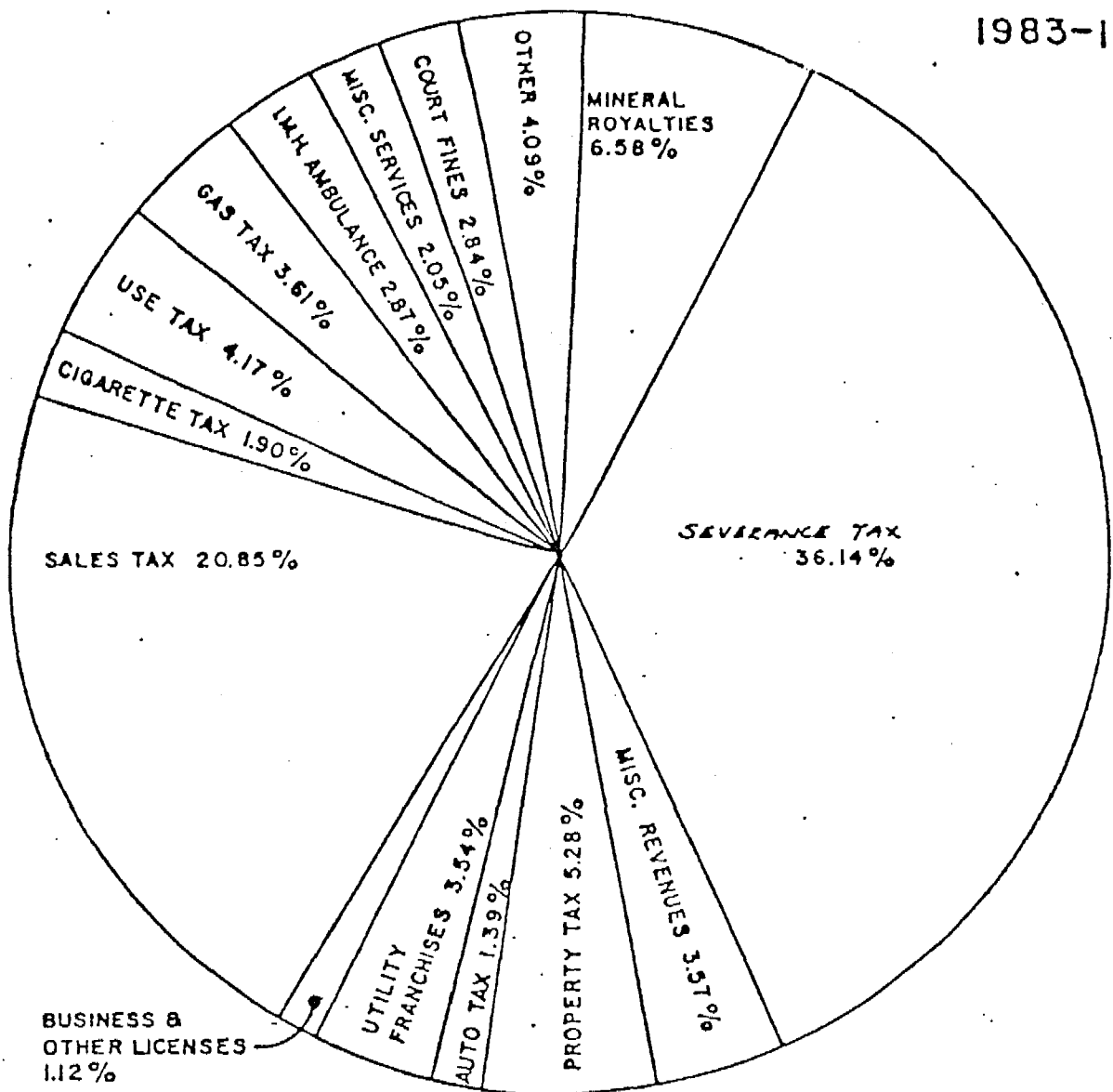


* cross-hatched area represents the \$ 200,000 gas tax allotment.

Figure 7. Bozeman.



1983-1984



OTHER

WEED & PEST	.13%
L.I.D. REVOLVING FUNDS INTEREST	.06%
WATER SERVICE CHARGE	.41%
PERPETUAL CARE & TRUST	.62%
CONSTRUCTION PERMITS	.97%
RURAL FIRE PROTECTION	.97%

CATEGORY

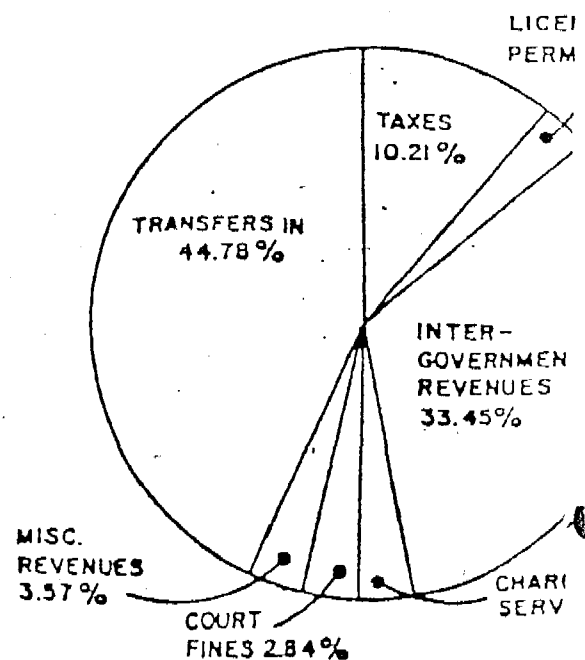
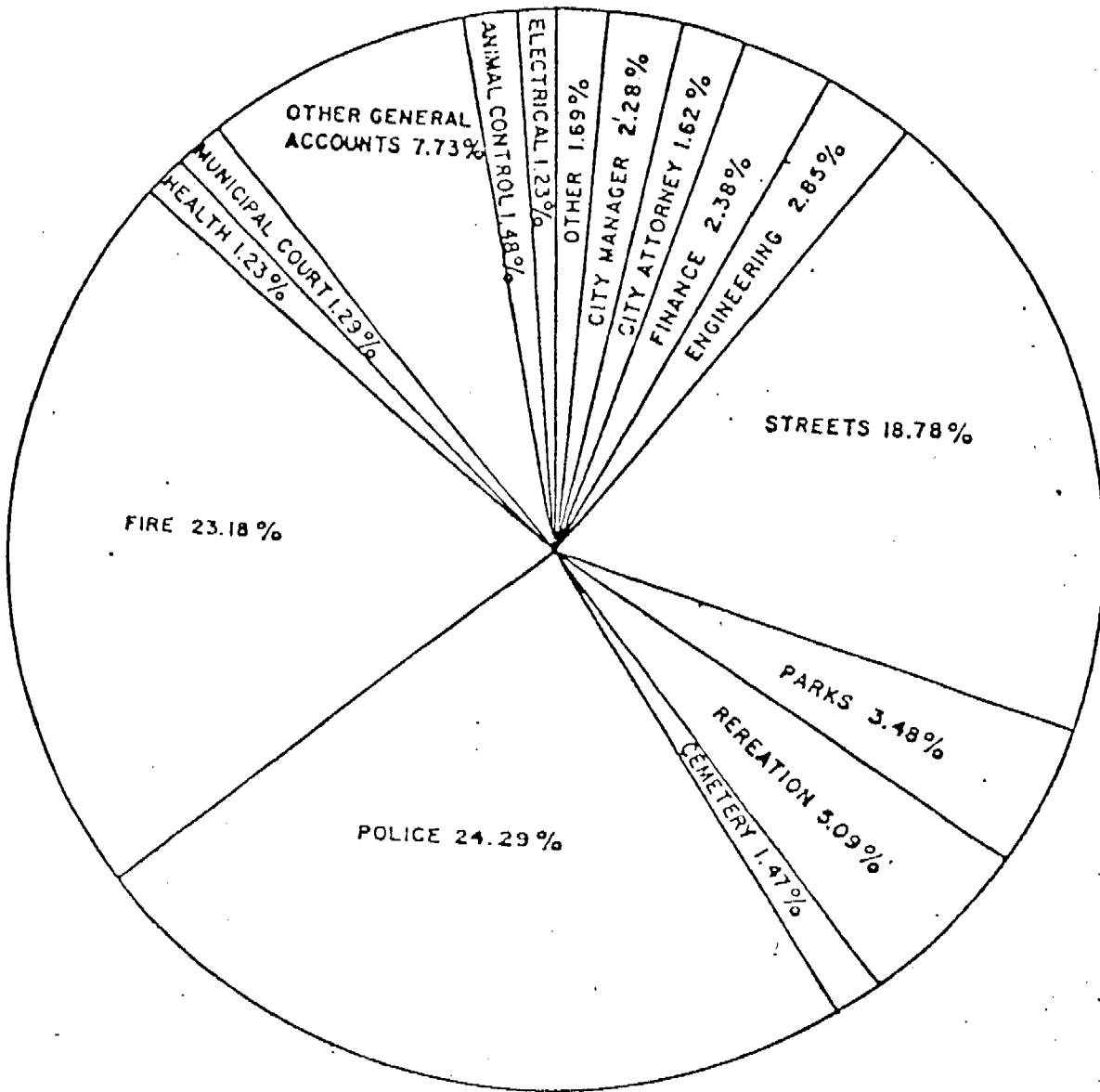


Figure 6 - Revenues - Laramie.

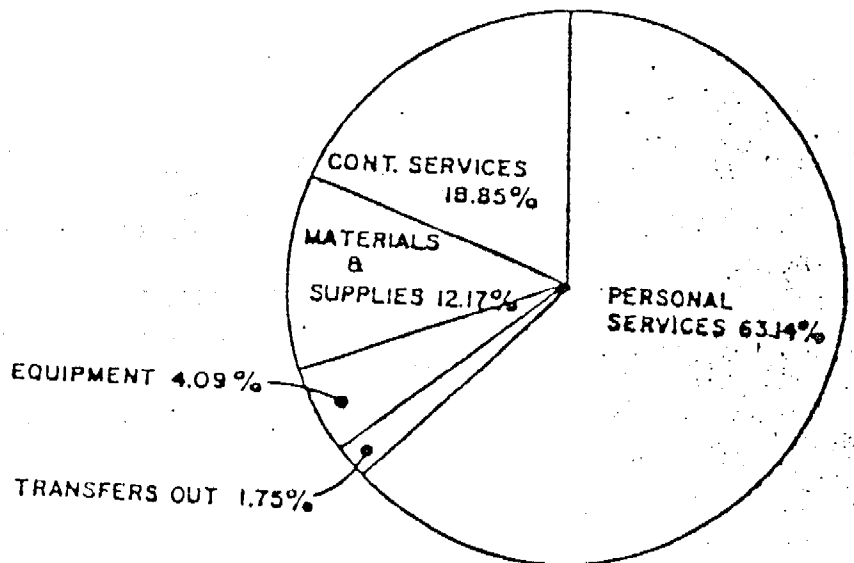
1983-1984



OTHER

CITY HALL .40%
MOSQUITO CONTROL .44%
CITY CLERK .85%

CATEGORY



VISITOR'S REGISTER

HOUSE

TAXATION

COMMITTEE

BILL HB 826

DATE March 29, 1985

SPONSOR Representative Ellerd

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Riley Johnson	Helena		X	
Lilly Smith	Helena			X
Gene Rice	Helena	Mt. Credit Union League		X
Donna Burn	Clancy	MONTANA		✓
Don Judge	Helena	MT STATE AFL-CIO		X
Kent McMillin	W. Yellowstone	Town of West	X	
Carl Butler	" "	" "	X	
Bob Jacklin	W. YELLOWSTONE	" "	X	
Walter Hanner	WY Mt	-	X	
Alice Hansen	Helena	M.L.C.	X	
Sam Byrum	Helena	M.S. CA		+
George Anderson	✓	Self		
Clark Boyd	Seneca Post	371 Boyle	X	
Joan Scholer	West Yellowstone	Chamber of Commerce	X	
Ruth McMillin	West Yellowstone	West Associates, Inc.	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 18, 1985

The seventy-sixth meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 8:06 am in Room 413-415 of the State Capitol.

ROLL CALL: At roll call all members of the committee were present except Senator Brown who arrived at 8:21 am and Senator Hager who arrived at 8:25 am.

CONSIDERATION OF HB 826: Representative Bob Ellerd was recognized as chief sponsor of the bill. He said that the bill defines a resort community and then allows them to establish a resort tax. He said that the title adequately explains the bill. He said that he does not currently represent West Yellowstone, but that for 14 years he did. He said that allowing them this option was a last resort in solution to the community's fiscal problems.

PROPOSERS

Senator John Anderson, Senate District 37 which includes West Yellowstone, spoke in favor of the bill. He said that it would be a good experiment for other towns and cities. He said it was absolutely necessary for West Yellowstone which is dependent on tourism. He said it would be an opportunity for a group of dedicated and sincere people to help themselves.

Mr. Cal Dunbar, West Yellowstone, provided the committee with Exhibit 1. He said that the cost of services in West Yellowstone is five to six times higher than that of other communities. He said that they have tried all kinds of things. He said that they have applied for grants and had the grants denied. He said the situation has become worse. He said they tried the room use fee and that was disallowed by the courts. He said the alternatives have run out. "We need help," he concluded.

Mr. Pete Lineberger, City Attorney from Bozeman, said that he was involved in the court cases as the City Attorney from West Yellowstone. He said that this bill would remedy the statutory problems with the room use tax. He said that local governments are allowed all the powers granted them by the Legislature and that there would be no constitutional problems with this bill. He said that the state can delegate taxing authority to its municipal arm and that is not giving away the taxing power. He said that the room use ordinance was the last gasp from a city that has tried everything. He said basic services must be delivered and there is no other place to go. The town has a serious problem, he concluded.

Senator Paul Boylan, Senate District 39, said that he also has represented these people for many years. He said they have tried for winter tourism. He said they began to see a flicker of hope when this bill left the House. He said these people bring a lot into the state but that their low population doesn't allow block grant

April 18, 1985

money to flow back. He said that the bill will not affect other areas because West Yellowstone is an isolated community.

Mr. Bob Jacklin, President of the West Yellowstone City Council, Past President of the Chamber of Commerce, said that a town of about 750 people is unable to support the impact of 2.5 million visitors in the summer. He provided the committee with Exhibit 2. He said that volunteer service and available funds for local services can no longer do the job. He said the roads are in horrible repair, there is no storm sewer system. He said that people come into the state and leave quickly because of these signs.

Mr. Joe Eagle said he has lived in West Yellowstone all his life. He submitted his testimony in writing in Exhibit 3.

Ms. Andie Withner of West Yellowstone said that she has assumed many roles in the community, from social service work, to job service work, to her current place as general manager of the Stage Coach Inn. She said she was president of the Chamber of Commerce for 3 years. She said she is often asked why the town looks "this way". She said that they cannot afford anything else. She said there is not even one public restroom in the town. She said the room use tax was voted in three to one by the residents. She said if the economy and appearance of the town were improved it would generate revenue to the state. She said they promote tourism between Teton and Glacier Parks and that all of this would be helpful to all of Montana.

Mr. Irvin Dellmiger said that he has lived in West Yellowstone for 10 years and been on the city council for six. He said that little is returned through the liquor and gas taxes to the community. He said that the community is not asking for money, but only for a vehicle to help themselves.

Mr. Lewis Robinson, a five-year resident and developer of the Madison subdivision in West Yellowstone, said they have invested \$6 million in a 160 acre subdivision. He said they donated all of the water, sewer and streets to the city free of encumbrances. He said those things will require maintenance. He said that he also sits on the Governor's Council of Economic Development.

Mr. Alex Hansen, Montana League of Cities and Towns said that his 122 members all support this bill. He said it is not possible for a few people to support the services necessary for the vast numbers that tour through West Yellowstone each season.

Representative Gary Spaeth, House District 84, said that the Chamber of Commerce in Red Lodge also supports the bill. He said he wanted the record to reflect, however, that he was not in favor of a sales tax.

Ms. Kay Foster, President of the League of Cities and Towns, said that this bill won't solve all the problems but that it would help.

Mr. Dennis Burr, representing Mountain Bell, said that he appeared neither as a proponent nor an opponent. He wanted the committee,

April 18, 1985

however, to consider amendment in Section 3 of the bill to exempt public utilities.

Representative Ellerd said that he had no objection to that amendment and that he would also exempt gasoline which is already taxed.

OPPONENTS

Senator Dave Fuller, Senate District 22, said that a sales tax is a terrible and insidious thing. He provided the committee with a copy of an editorial from The Butte Standard (Exhibit 4).

Mr. Phil Strobe, representing the Montana Innkeepers and Montana Tavern Owners Associations, said that this kind of legislation would create a hodge podge of taxing jurisdictions. He said the mandates in the constitution say that the Legislature cannot give away the power to create taxes. He said this kind of legislation would be a slide off vehicle for other taxation. He said that he is fundamentally opposed to giving away the state's taxing authority. He said this kind of tax is always put on the group least able to defend itself. He said that "Harsh facts make bad law." He said once the power to tax is given away it cannot be captured back. He said that the real decisions being made in this bill involve that principle.

Mr. Roland D. Pratt, Executive Director of the Montana Restaurant Association, said that he understands and sympathizes with West Yellowstone. He said he has good members there, but that his association maintains a principle against a selective sales tax.

Mr. George Allen, Montana Reatail Association, said that he appeared neither as a proponent nor an opponent. He said he felt that the bill should address the problem of when a retailer transmits the tax to the state. He suggested that it be done quarterly. He said he is concerned that this will open the door but that the people of West Yellowstone need something.

Questions from the committee were called for.

In response to a question from Senator Towe it was clarified that the members of the Montana Tavern Owners Association and the Montana Innkeepers Association who are from West Yellowstone support the bill. Representative Ellerd said that even the campground owners support the bill. Ms. Withner said that innkeepers in the community support the bill. Mr. Pratt said that restaurants in West Yellowstone support the bill.

Senator Mazurek asked about the inclusion of "food stuffs". Mr. Lineberger said that provision was inserted at the ordinance stage.

Senator Halligan asked about the 2,500 population limit. Representative Ellerd said that was raised so that the bill could also cover Red Lodge.

April 18, 1985

In response to a question from Senator Mazurek, Representative Ellerd said that the bill would cover absolutely no other industry than tourism and that the Department of Commerce would be making that determination.

In response to a question from Senator Neuman, Mr. Dunbar said that the current mill levy in West Yellowstone is 75. He said that West Yellowstone has no fringe communities as the Department of Agriculture and the Park border the city limits. He said the physical limits of the city prohibit businesses from going outside the city limits to avoid the tax.

In response to a question from Senator Goodover, Mr. Robinson said that the development he is involved with does not yet significantly affect tax collections in the community.

Senator Towe asked if Representative Ellerd would accept limiting the tax to meals, lodging and luxuries. Representative Ellerd said that this was not a sales tax. Mr. Dunbar said that the objection to that was its selectivity. He said that the community wanted to all carry the same weight in their individual packs. He said one of the litigants in the case against the bed tax was now supporting this bill because of its equitable distribution.

Mr. Dunbar said that they all want to cooperate and help and that to single out something would divide the community. He said that a one percent tax would raise about \$140,000 for the community per season. He said that when Judge Barz had required a referendum it passed 155 to 56. "There are 56 people who will vote against gravity," he added.

In response to a question from Senator Eck, Mr. Lineberger said that he would write the ordinance exempting utilities and gas.

Senator McCallum asked about the budget of the city now. He was referred to the exhibits.

Senator Goodover asked if this was a test case on a sales tax. Representative Ellerd said that he hoped it was not seen that way because that would kill the bill. He said this is a very serious thing for the people involved and he hoped that issue would not hurt the bill.

Representative Ellerd closed saying that he seriously appreciated the fair hearing on the bill.

CONSIDERATION OF HB 915: Representative Ed Grady appeared as chief sponsor of the bill. He said that the Department of Revenue had removed the 20 percent reduction on the valuation of farm homes and that the 20 percent reduction more accurately reflected market value. He said that the bill would be revenue neutral unless the Department was allowed to collect the increase.

PROPOSERS

Mr. Dennis Burr, representing the Montana Taxpayers Association,

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date April 18, 1985

8:06 am

Location -- Room 413-415

Name	Present	Absent	Excused
Senator Brown	8:21		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	8:25		
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum	✓		
Senator Neuman	✓		
Senator Severson	✓		
Senator Towe	✓		

VISITORS' REGISTER

(Please leave prepared statement with Secretary)

TOWN OF WEST YELLOWSTONE

Box 579

WEST YELLOWSTONE, MONTANA 59758

Telephone 406 646-7795

December 12, 1984

Governor's Economic Development Summit
and Small Business Conference
Sheraton Hotel
Great Falls, Montana

"Tailor Made Local Option Taxation"

The 1985 Legislature needs to address directly our current need throughout the State for local option taxation, that is, local taxation by consent of the community through referendum.

This need for enabling legislation to permit local option taxation of any constitutional type at the discretion of the individual community is crucial. The forthcoming Legislature should address this need now. It is long overdue.

Admittedly, the anticipated bed tax bills from the Montana League of Cities and Towns for either statewide or local option taxation are long overdue and worthy of support.

However, West Yellowstone believes the true answer to the ever deepening fiscal problems of Montana's municipalities require broad local option taxation powers. Current tax formulas, do not suffice. Special interest taxation bills do not address the basic issues of taxation formulas.

We have addressed local option taxation issues with this Council last July, with the City Council of Billings in September, and our coverage in the media has show us there is real grass-roots interest among our municipalities.



Briefly, here is West Yellowstone's experience with current taxation formulas which just do not do the job for us:

West Yellowstone originated in 1907, incorporated in 1966 and chartered in 1980.

Year round population: 760 in Town, 1100 in Hebgen Lake Basin.

Seasonal population June - September: 1,300 with nightly tourist transients: 5,000 additional.

West Entrance to Yellowstone National Park: 800,000/yr plus "cross-back traffic"

Estimated commerce for West Yellowstone is \$14 Million dollars/year.

However, all is not well.

"Tourism West Yellowstone and Its Effect on Ability of the Town to Deliver Municipal Services" Harry W. Conard, Jr. December 1979. Funded by \$15,000.00 grant, Old West Regional Commission. Study shows:

West Yellowstone costs are 5X to 6X higher than other five Montana Towns of comparable size: Belt (683), Bridger (768), Manhattan (934), Twin Bridges (685), Valier (676).

West Yellowstone spent 105% more than locally generated funds in 1978.

Therefore, West Yellowstone chartered, to follow study recommendations. Wrote HB 109 "Resort Tax" bill. Denied by House Tax Committee, March 1981 by 18/1 vote.

West Yellowstone Council passed Occupancy Fee Ordinance #90, (Bed Tax #1) January 1982, @ 25¢ per head per night. Collected \$64,000.00 June 1982-February 1983. Montana Innkeepers suit. Tax is illegal because had no referendum. Referendum May 31, 1983-passed 155/56.

Ordinance #98 (Bed Tax #2) Occupancy Fee reinstated @25¢ per head in motels and 50¢ per vehicle in campgrounds. Collected \$33,000.00 June 1983-September 1983. State Supreme Court voided Billings bed tax, our collections ended.

Right now, West Yellowstone government services costs continue at 5 to 6 times greater than Towns of our permanent population in Montana.

1983-1984 Budget: Total \$313,524.00 (\$100,163.00 @75 mills 34%) Police Dept @46% (\$145,695.00) Street Dept. @ 16% (\$51,622.00) Total funds allocated per person per night: January (760) \$1.15 July (6,300) 14¢.

Not only does West Yellowstone suffer under current taxation formulas, but other cities as well. Examine study of Bozeman, Montana vs Laramie, Wyoming. Short Changed in Bozeman: A Look at Revenue, CE 454, Transportation Planning, MSU, Fall Quarter, has total revenue 2.26 times greater than

Bozeman. Bozeman is forced to property taxes nearly four times greater than Laramie. The difference in the two municipal tax structures is the revenue from severance and sales tax sources. West Yellowstone case follows Bozeman's pattern. How about your Town?

Therefore, present Montana taxation formulas are not helping us. Formulas based on population or length of streets do not allow for our cost impaction by tourists or other factors. The formulas for beer tax, liquor tax, gasoline tax and even the State Block Grant program do not face up to the situation for us. In fact, we have to sell 300 gallons of gasloine to get back one dollar, while the average for the five towns in Conard's study is only 117 gallons. (We receive twice as much under the tax increase enacted after Conard's study, but the discrepancy remains the same). Federal Revenue Sharing was \$19,600.00 (7%). PILT funds for Gallatin County were \$449,832.00 with 0% to West Yellowstone.

West Yellowstone's experience with grants has been equally unrewarding.

Our previous grants have been denied. In March 1975, our HUD grant for water mains was denied with a 94 out of 96 rating, using the 1970 census poverty and substandard housing levels as criteria. We were advised not to resubmit our application.

In 1984, we have been denied first a \$20,000.00 planning grant for domestic water, street, and storm drain improvement. We have been denied also a Community Development Block Grant for \$454,000.00 for our water, street, storm drain overhaul. We had intended to use our \$64,000.00 from our Bed Tax #1 for matching funds. So, grants are not the answer either. Grants cannot be budgeted either as they are unpredictable. We have present urgent need for major street repairs and extensive storm drainage systems and down the road we can see central water and sewer facility expansions - all well beyond our ability to fund by present formulas.

Due to the high seasonality of our tourist industry here, with only 100 days of true economic activity, proposed SIDs against real property units become astronomical when evaluated into payout amortizations. Real property revenue generation, again, is already overburdened. A look at the pie charts in the appendix shows that West Yellowstone is not unique among its Montana sibling communities in this respect. We all must look elsewhere for revenue.

Therefore, West Yellowstone believes that the 1985 Legislature should grant enabling legislation for local option taxation to municipalities to permit "Tailor-made" local option taxation. The type of taxation to be determined at the local level by referendum with property tax relief and voter review built into the enabling legislation. What can be more democratic and basically American? The people vote to suit their local needs.

Conard's study calculated \$140,000.00/year at 1% retail sales tax; so, 2% would generate \$280,000.00.

Obviously, local governments give up a lot on the proposed bed taxes against a local retail sales tax.

What do we want the 1985 Legislature to do?

1. We want comprehensive enabling legislation to permit local option taxation of a broad scope, with referendum and voter review.
2. We mean local option taxation could be on retail sales, on beds, on wheels, on income, on whatever the voters approve locally for their municipal needs. The burden the municipality is receiving by impact should have the corresponding relief by means of off setting local revenue generations. The Urban Coalition at their November meeting at Helena supported this position. There is grass roots support, regardless of the size of the municipality.
3. West Yellowstone would much prefer to see cooperation on a comprehensive local option taxation enabling act rather than to reactivate a defensive, parochial, restricted special interest "resort tax" again. Special interest legislation does not address the real issue here: Communities with problems should have the ability to deal with them effectively.

"Tailor-made Local Option Taxation is the answer for 1985."

Thank you.

CALCULATION TABLE

Conard's Retail Sales Tax: (pg. 12, Phase II of his study) :

West Yellowstone business volume: \$14 Million/year
 $\$14,000,000 \times 2\% = \$280,000.00/\text{year}$
 Each 1% = \$140,000.00/year in revenue
 5% = \$700,000.00/year

Montana League of Cities & Towns, Resolution #1985-4 : State-wide

2,000 (rooms)	x 62 (days)	x .95 (occupancy rate)	=	117,800 (units)
2,000	x 60	x .50	=	60,000
2,000	x 243	x .05	=	24,300
				<u>202,100 (units)</u>

200 (hookups)	x 62	x .95	=	11,780
200	x 60	x .50	=	6,000
200	x 243	x .05	=	2,430
				<u>20,210 (units)</u>

(\$30.00/room)

202,100 x \$3.00 (10%)	=	606,300.
------------------------	---	----------

(\$10.00/hookup)

20,210 x \$1.00 (10%)	=	<u>20,210</u>
		626,510

626,510 x .5 (5%)	=	313,255
-------------------	---	---------

313,255 x .50 (local Town rate)	=	156,628
---------------------------------	---	---------

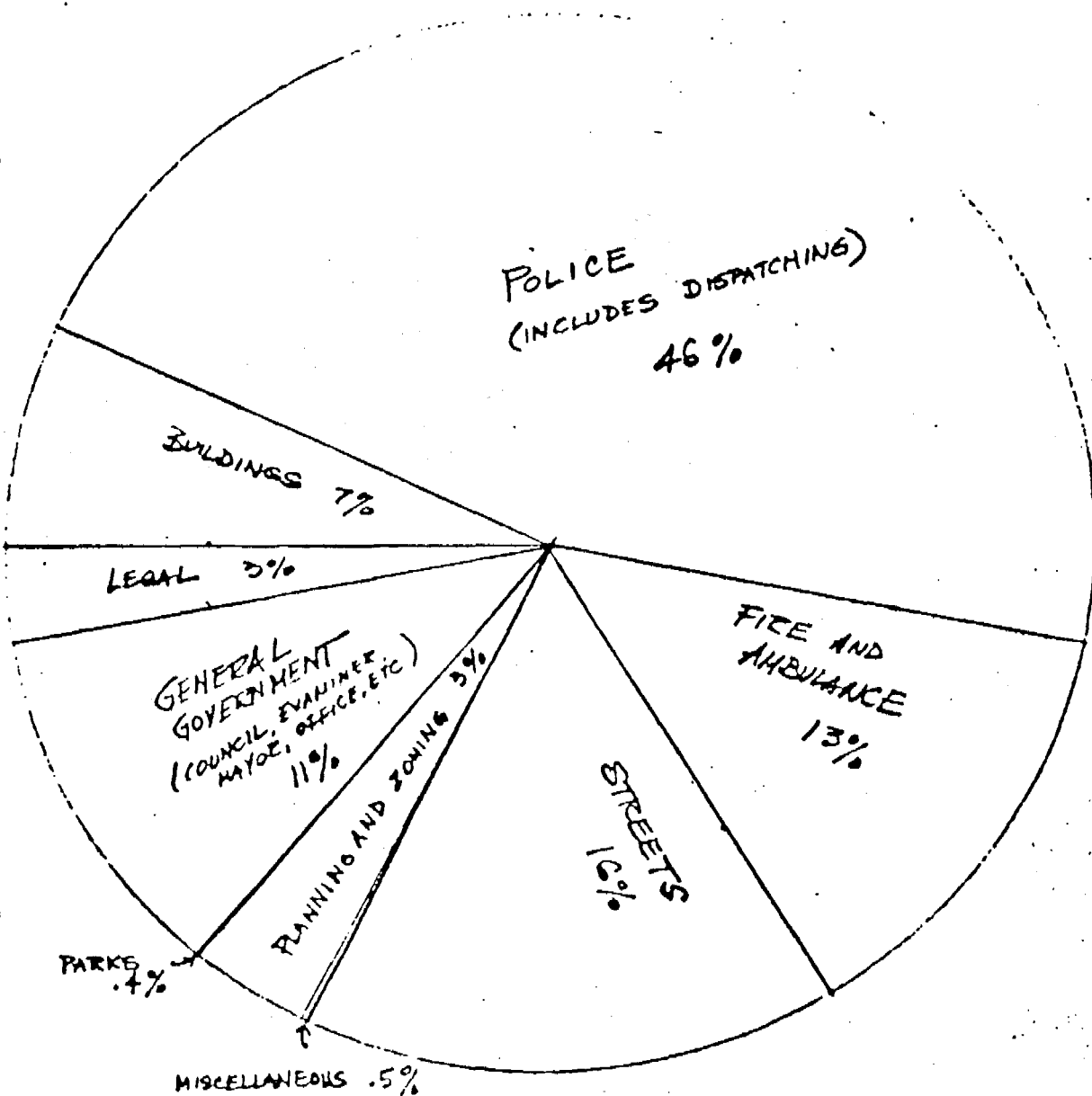
West Yellowstone share	=	156,628
------------------------	---	---------

Montana League of Cities & Towns Resolution #1985-2: Local Option

(5%)	\$313,255	less \$62,651 (20%)	=	250,604/year
------	-----------	---------------------	---	--------------

(10%)	\$626,510	less \$125,302 (20%)	=	502,208/year
-------	-----------	----------------------	---	--------------

WEST YELLOWSTONE EXPENDITURES 1963-1964 FISCAL YEAR

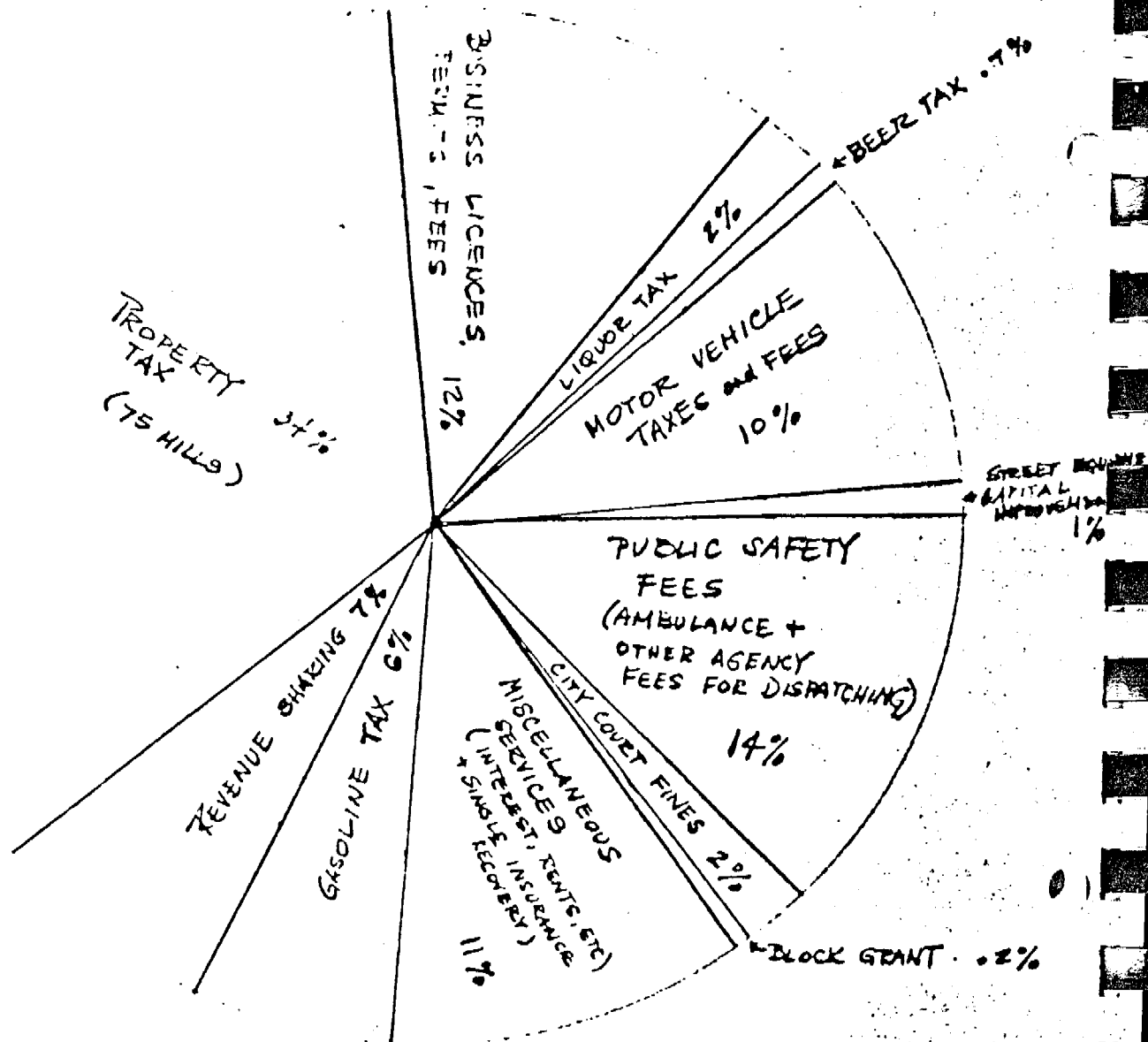


EXPENDITURES

General Government
 Town Council
 Elections
 State Examiner
 Mayor
 Court
 Town Offices
 Water

\$ 34,625.54

Legal	3,597.15
Buildings	21,353.99
Police	145,695.25
Fire/Ambulance	39,338.62
Street	51,622.12
Parks	1,343.15
Planning & Zoning	8,770.40



REVENUE

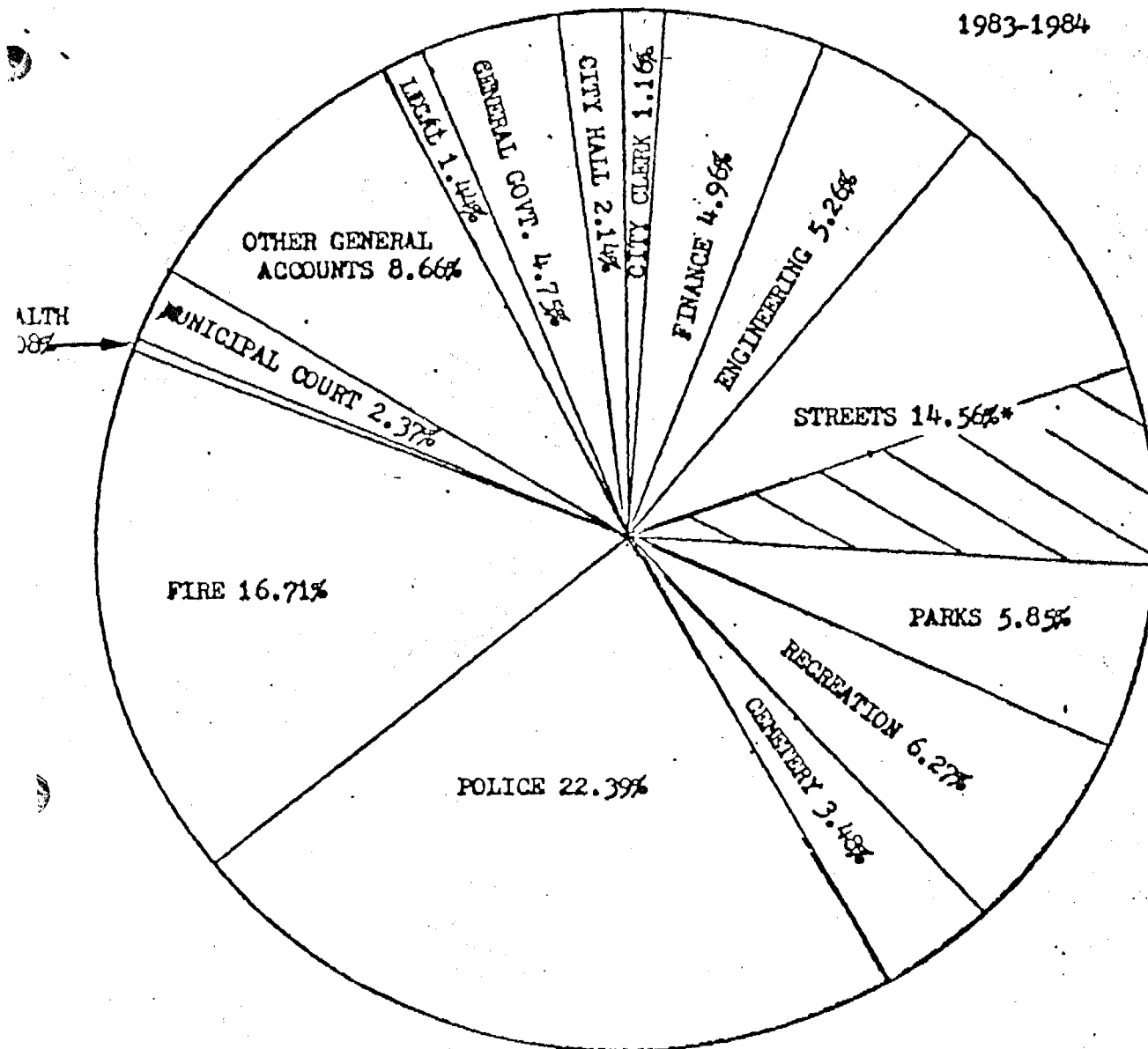
General Property Tax (75 mils) (75 mils * 1,547,771)	\$100,162.71
Business Licenses, Permits, Fees	35,942.51
Liquor Tax	7,165.38
Beer Tax	2,023.54
Motor Vehicle Taxes & Fees	29,360.28
Public Safety Fees	42,436.80
Dispatch Fees	
Ambulance Fees	
Court Fines & Forfeits	4,325.00
Block Grant	658.79
Miscellaneous Services	31,335.58
Interest	
Rents	
Insurance Recoveries	
Cas Tax	18,223.00
Revenue Sharing	19,647.03
Capital Improvement (Street Equipment)	4,243.16

\$296,524.33

GENERAL FUND EXPENDITURES

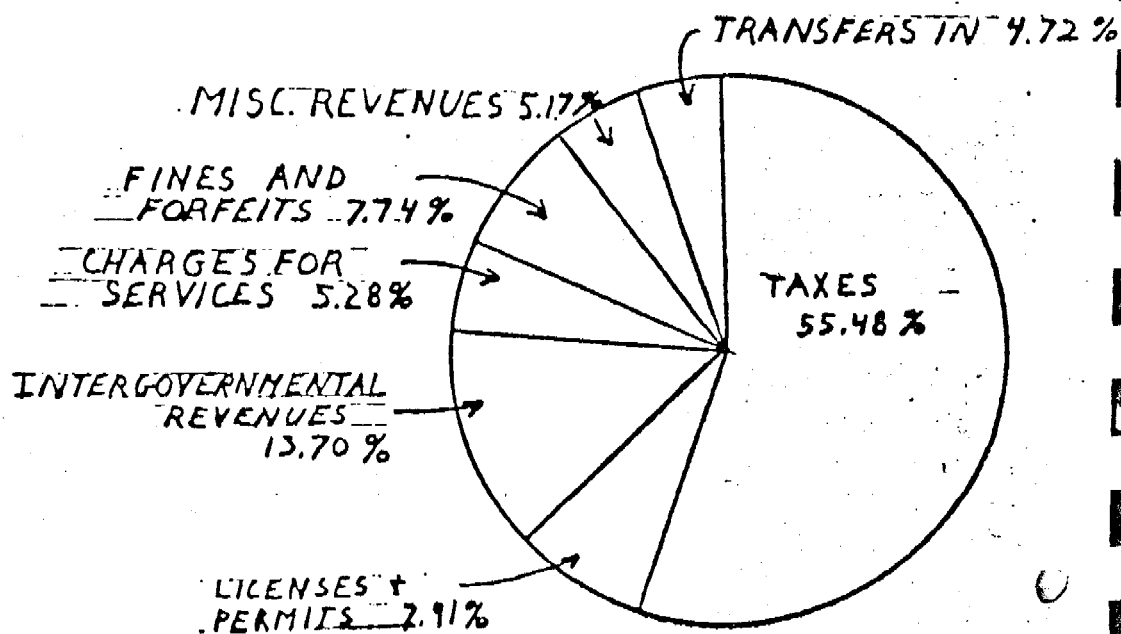
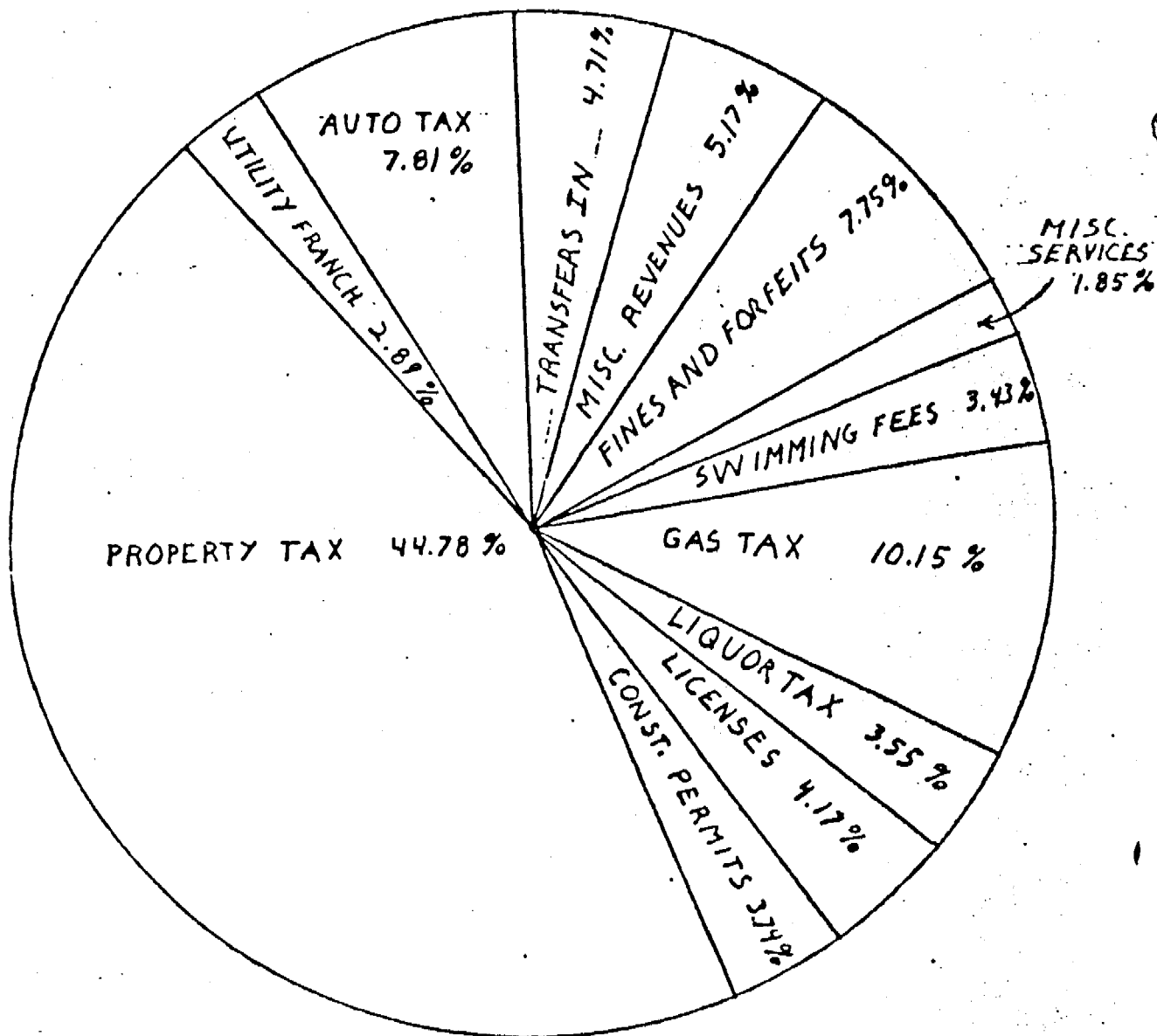
16

1983-1984

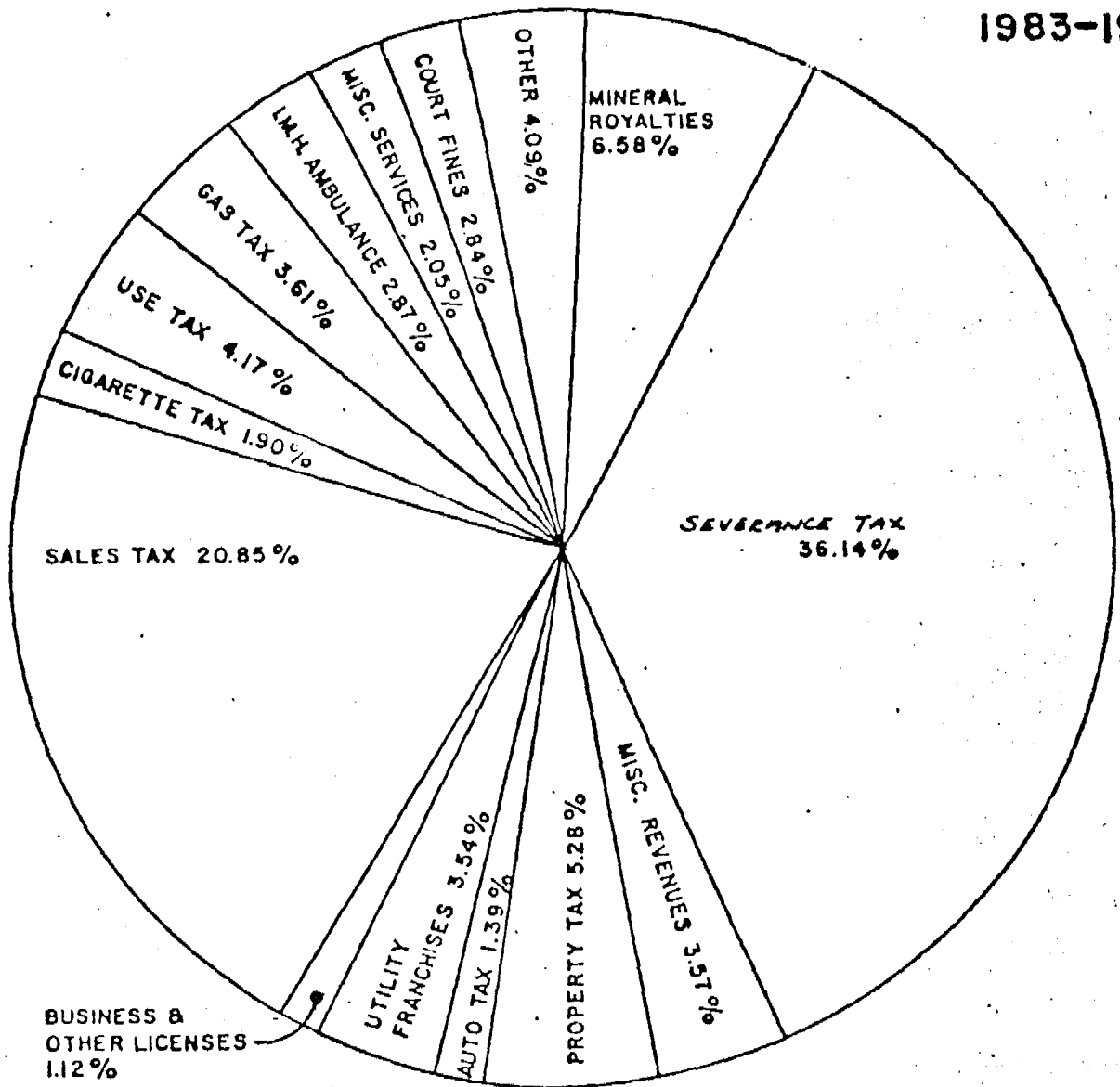


* The cross-hatched area represents the \$ 200,000 gas tax allotment.

Figure 7. Bozeman.



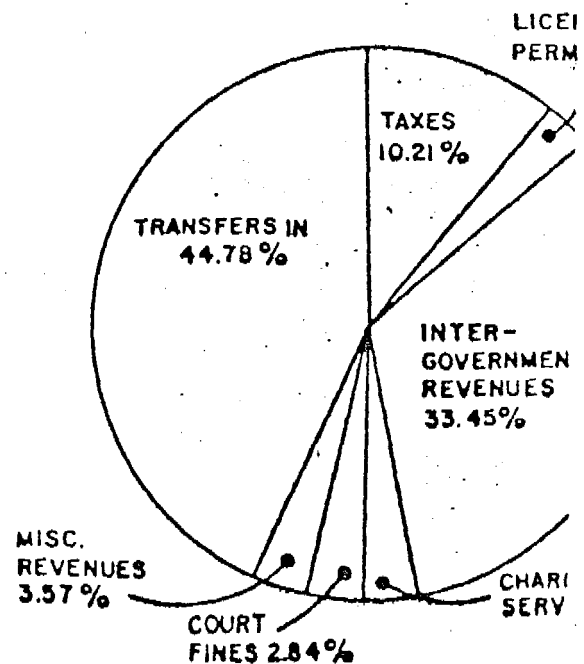
1983-1984



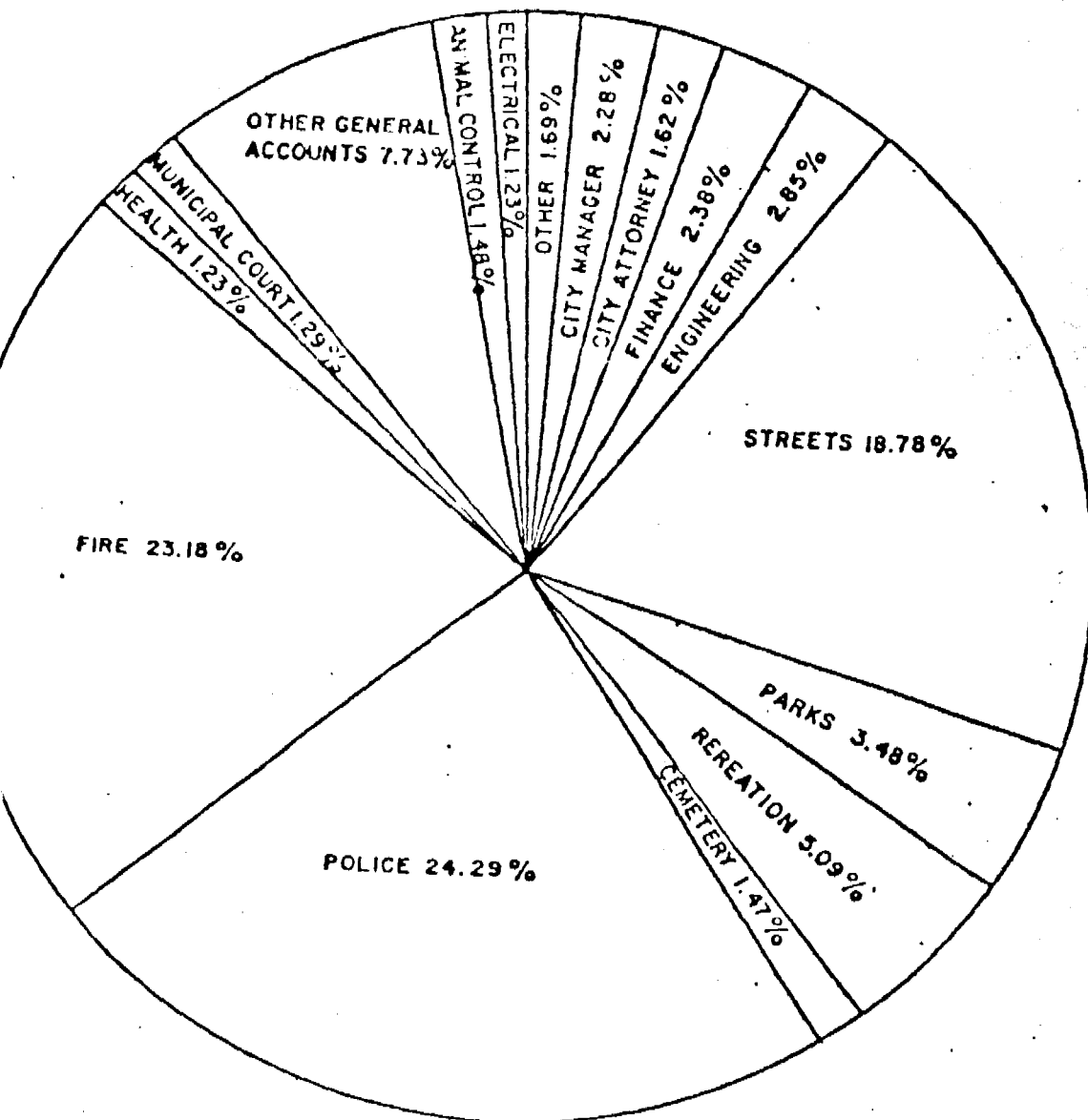
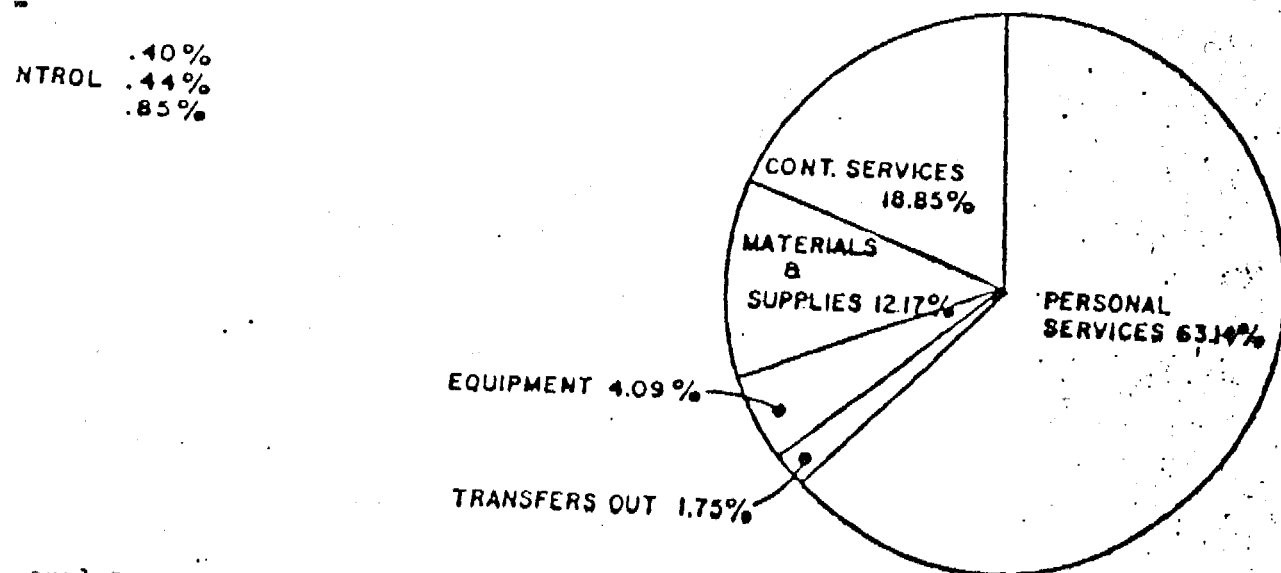
OTHER

WEED & PEST	.13%
L.I.D. REVOLVING FUNDS INTEREST	.06%
WATER SERVICE CHARGE	.41%
PERPETUAL CARE & TRUST	.62%
CONSTRUCTION PERMITS	.97%
RURAL FIRE PROTECTION	.97%

CATEGORY



1983-1984

CATEGORY

eral Fund Expenditures of Laramie.

OUTLINE OF WEST YELLOWSTONE RESORT TAX POSITION TESTIMONY
BEFORE SENATE TAX COMMITTEE ON HB 826

1. West Yellowstone needs HB 826 resort tax enabling legislation
2. West Yellowstone, population 760, must support municipal services 5 to 6 times greater than comparable Montana towns.
3. Recognizing this revenue shortfall, West Yellowstone chartered in 1980 HB 109, which failed in 1981 before the House Tax Committee. West Yellowstone then tried Room Use Fee (Bed Tax #1) in January 1982. It was followed by the Montana Innkeepers suit. District Court (Billings) ruled that fee was unlawful as there was no referendum before the citizens of West Yellowstone.
4. Referendum (before the citizens of West Yellowstone) passed 3 to 1 in May 1983. Bed tax #2 started.
5. Bed tax #2 operated summer 1983. Supreme Court ruled it unlawful in September 1983, as it was a tax without authorization from the legislature to impose same.
6. Attempts for grants from Department of Natural Resources and Department of Commerce, for streets, have all failed.
7. Block grant program gave West Yellowstone only \$650.00.
8. West Yellowstone is actually a "collection agency" for state government.
9. Nightly impact of 6,000 to 10,000 tourists per night in 100 day season overdraws West Yellowstone's ability to raise revenue to provide for their health/safety/welfare.
10. West Yellowtome needs ability to have these tourist "users" contribute their fair share for these public services. Economics in 1985 look even more bleak; loss of federal revenue sharing appears imminent. West Yellowstone has explored all alternatives without success. Therefore, we NEED HB 826. The West Yellowstone people will use it wisely. A one to three percent resort tax will generate sufficient funds to provide essential public services.

PLEASE give us an opportunity to PROVE that we can GENERATE the funds and use them WISELY.

γ

EAGLE'S STORE

WEST YELLOWSTONE
MONTANA 59758
PHONE (406) 646-9300

April 8, 1985

Testimony in support of Resort Tax HB 826

My name is Joe Eagle and I have lived in West Yellowstone all my life except for the time I was away to attend school and for three years of military service. My father established one of the first businesses in West Yellowstone when the town started in 1908. Our family business is the only business in town which has operated continuously since that time. By the time I was 10 years old I was working in one way or another in this business. I enrolled in engineering at Montana State University (then Montana State College) in 1942 but I entered the military service before completing a year of school. During the time I was in the service I decided I wanted to live in West Yellowstone even though I knew this may not be financially rewarding. I graduated from college in 1950 and within a year I became general manager of our family business because of the death of my father.

During all this time I have managed our business and during which time I have been active in community affairs it has been evident there were some town needs which our very limited tax base could not handle. An adequate drainage and street system are much too expensive to be financed by the small property tax base.

I was elected to the first town council of West Yellowstone and for two additional terms of office. During this time of serving as a councilman it was very frustrating to consider the critical community needs and not to have the financial means to take care of these problems. In reviewing a list of community goals prepared during the mid-sixties, I note many of these things have been accomplished. An example is the establishment of a

local bank for which I have been a director for the 19 years it has been in existence. A number of other worthy goals have been achieved by much hard work by dedicated residents of the West Yellowstone area. These improvements have been items which could be taken care of without overwhelming costs.

It became apparent that to qualify for town grants and participating programs it was important to put together a town master plan. I became a member of the first planning board for West Yellowstone and what we feel is a good master plan has been prepared. Grant moneys have not been available for the major items identified in the town master plan.

While I spend less than two weeks a year away from the West Yellowstone area, during the past 35 years I have been to many resort communities in the Rocky Mountain and Pacific Coast areas. Residents in these resort towns are amazed that West Yellowstone is a resort community without provision for the visitors to the town helping pay the cost of the services provided for the visitors.

In the past businessmen in West Yellowstone have provided financial help for various needs beyond what seems reasonable. However, most West Yellowstone businesses are not making a satisfactory return for the investment. Those of us here today are what I refer to as one of the 'survivors'. There have been many West Yellowstone businesses which have changed hands a number of times because owners learn it is difficult to show a reasonable return on their investment.

Before West Yellowstone was incorporated I recall several of us discussing a town problem with the county attorney. During the conversation he asked "Why don't you people from West Yellowstone take care of your own problems?". We have very diligently been trying to take care of our own problems. However, to do so, we very desperately need legislation such as resort tax HB 826 to be passed into law. We earnestly ask your muchly needed support.

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 23, 1985

The seventy-ninth meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 1:40 pm in Room 413-415 of the State Capitol.

ROLL CALL: All members of the committee were present except Senators Mazurek and McCallum who were excused.

CONSIDERATION OF HB 826: Senator Eck suggested amendments to allow a hotel, motel, restaurant and tavern tax. She said that would narrow the scope enough to allow the bill to pass. She said that nothing would be exempted, but these things would be specified.

Senator Brown reminded the committee of Mr. Cal Dunbar's testimony saying that they all wanted to work at it together and not exclude anyone. Senator Eck said that the political reality was that if the bill included a general sales tax it would not pass. She said the people of West Yellowstone need the relief and that this type of amendment would get at the travelling consumer.

In response to a question from Senator Goodover, Senator Paul Boylan said that everybody wants to pay and that trinkets, novelty and other tourist purchases are left out of this type of amendment.

Senator Brown suggested that a two-year sunset be put in the bill and that it pass as it came from the House. Senator Eck said that the sunsets on other tax bills had been rejected as poor policy. She cited the oil bills as an example. She said the sunset would have to return to the House for a vote anyway. Senator Towe said the bill should get through even with the amendments.

MOTION: Senator Halligan moved to exclude utilities and gasoline from the general sales tax provisions. He then withdrew the motion.

MOTION: Senator Eck moved that HB 826 be amended per Exhibit 1.

Senator Neuman spoke against the motion saying that if they needed more revenue it should be added into the price of their goods and services.

Senator Brown said that these people have a real problem and they wanted it solved in the bill's original form. Now he said these amendments make the bill discriminatory. He felt, however, that the people from West Yellowstone should not be punished by defeat of the bill.

Senator Lybeck said that he agreed with the Eck amendments.

Senator Halligan inquired about the population limits in the bill and wanted to know if Whitefish would qualify. Senator Lybeck said that Whitefish was not in a comparable situation.

Senator Towe noted that the "\$" in front of 2,500 on line 17, page 2 should be stricken.

Senator Severson asked about the definition of "resort town". Senator Towe read that definition from page 2 in the bill. He suggested that page 2, lines 18 and 19 should be amended to insert federal population estimates as there are no official population estimates done by the state of Montana.

Senator Eck amended the motion to include Senator Towe's suggestions regarding the stricken "\$" and the clarification of population estimates.

Question was called and the motion carried unanimously.

MOTION: Senator Eck moved that HB 826 be concurred in as amended.

Senator Neuman said that the bill would encourage development of strips outside of the city limits.

Question was called. Senators Neuman, Severson and Halligan voted no. Other committee members voted yes. The motion carried. Senator Boylan was asked to carry the bill.

CONSIDERATION OF SJR 40: Amendments to the resolution were presented to the committee in Exhibit 2. Mr. Jim Lear, committee staff, said that the amendments would ask for study of individual income tax, corporate license tax, property tax and all alternative sources of revenue including a sales tax.

MOTION: Senator Eck moved that SJR 40 be amended per Exhibit 2.

Senator Brown said that it was ridiculous to imagine that the Revenue Oversight Committee could handle a concept so broad.

Senator Eck countered that taxation needs study, thought and recommendations and that it should be broad based.

Senator Lybeck said that to narrow it would be futile.

Senator Hager said that if sales tax was to be studied then that should be done, but he could not support the amendments.

Senator Towe said that as written the sales tax is a foregone conclusion. He said that amendment number 10 erases that assumption and gives Revenue Oversight flexibility.

Senator Severson said that he was opposed period as the assumption of the resolution and the amendments is that more taxes are necessary. Senator Towe said that if property taxes were to be reduced that is true.

Senator Goodover said that a study resolution of this kind would lead to a proliferation of bills in the next session.

Amend HB 826, Third Reading Copy

1. Title, line 6.
Following: "OF"
Strike: "GOODS AND"

2. Title, line 7.
Following: line 6
Strike: "EXEMPT FROM"
Insert: "SUBJECT TO"

4. Page 2, lines 7 through 15.
Following: "Section 1." on line 7
Strike: "Definitions"
Insert: "Resort community defined"
Following: "act]," on line 7
Strike: remainder of line 7 through "Resort" on line 15
Insert: "resort"
Renummer: subsequent subsections

5. Page 3, line 8.
Following: "--"
Strike: "exemption from"
Insert: "services subject to"

6. Page 3, lines 12 through 19.

Following: "of" on line 12

Strike: "all goods and"

Following: "community" on line 13

Strike: remainder of line 13 through end of line 19

Insert: "by the following establishments: (a) hotels, motels, and other lodging or camping facilities;

(b) restaurants, fast food stores, and other food service establishments; and

(c) taverns, bars, night clubs, lounges, and other public establishments that serve beer, wine, liquor, or other alcoholic beverages by the drink."

7. Page 6, line 8.

Following: "of"

Strike: "goods and"

Following: "are"

Strike: "exempt from"

Insert: "subject to"

STANDING COMMITTEE REPORT

Page 1 of 2

April 23, 1985

MR. PRESIDENT

We, your committee on Taxation

having had under consideration House Bill No. 826

third reading copy (blue)
color

(Senator Boylan)

AUTHORIZES RESORT TAX.

Respectfully report as follows: That House Bill No. 826

be amended as follows:

1. Title, line 6.

Following: "OF"

Strike: "GOODS AND"

2. Title, line 7.

Following: line 6

Strike: "EXEMPT FROM"

Insert: "SUBJECT TO"

3. Page 2, lines 7 through 15.

Following: "Section 1." on line 7

Strike: "Definitions"

Insert: "Resort community defined"

Following: "act)," on line 7

Strike: remainder of line 7 through "Resort" on line 15

Insert: "'resort"

Remember: subsequent subsections

4. Page 2, line 17.

Following: "2,500"

Strike: "52,500"

Insert: "2,500"

continued

Chairman.

April 28, 1985

5. Page 2, lines 18 and 19.

Following: "or" on line 18

Strike: "official population"

Insert: "federal"

Following: "estimate" on line 19

Strike: "prepared by the state of Montana"

6. Page 3, line 8.

Following: "---"

Strike: "exemption from"

Insert: "services subject to"

7. Page 3, lines 12 through 19.

Following: "of" on line 12

Strike: "all goods and"

Following: "community" on line 13

Strike: remainder of line 13 through end of line 19

Insert: "by the following establishments: (a) hotels, motels, and other lodging or camping facilities;

(b) restaurants, fast food stores, and other food service establishments; and

(c) taverns, bars, night clubs, lounges, and other public establishments that serve beer, wine, liquor, or other alcoholic beverages by the drink."

8. Page 6, line 8.

Following: "of"

Strike: "goods and"

Following: "are"

Strike: "exempt from"

Insert: "subject to"

AND AS AMENDED
BE CONCURRED IN